Compilation of Foreign Motor Vehicle Import Requirements

United States Department of Commerce
International Trade Administration
Office of Automotive Affairs

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TABLE OF CONTENTS

Introduction

The Compilation of World Motor Vehicle Import Requirements is designed to provide motor vehicle exporters with market data and worldwide automotive import restrictions for the major automotive markets around the world.

The U.S. Department of Commerce (USDOC), Office of Automotive Affairs collects, compiles, and disseminates the information available in this document. However, it should be noted that the assistance of Commerce's country specialists (MAC) and overseas representatives (USFCS) played an important role in making this document possible.

This document is updated periodically and every attempt is made to ensure its accuracy. Due to the numerous amounts of information sources and changes in countries' import requirements, the Office of Automotive Affairs cannot guarantee the accuracy of all the material contained in this document.

World Automotive Market Report is supplied courtesy of Auto Strategies International Inc. Phone: 216.581.6323; Fax: 216.581.8551; email: *gene@autostrat.com*

This document is also available on the National Trade Data Bank (NTDB) and the Office of Automotive Affairs' homepage: http://www.ita.doc.gov/auto.

COUNTRIES OF THE WORLD THAT DRIVE ON THE LEFT SIDE OF THE ROAD

Anguilla Antigua Australia Bahamas Bangladesh Barbados Bhutan Botswana British Virgin Islands Brunei Cayman Islands Channel Islands Christmas Island Cooke Islands Cocos Island Cyprus Dominica Falkland Islands Fiji Granada Guyana Hong Kong India Indonesia Ireland Isle of Man Jamaica Japan Kenya Kiribati Lesotho Macao Malawi Malaysia Malta	Mauritius Montserrat Mozambique Namibia Naunu Nepal New Zealand Norfolk Islands Pakistan Papua New Guinea Pitcairn Island St. Helena St. Kitts and Nevis St. Lucia St. Vincent Seychelles Singapore Solomon Islands Somalia South Africa Sri Lanka Surinam Swaziland Tanzania Thailand Tonga Trinidad and Tobago Turks and Caicos Islands Uganda United Kingdom Virgin Islands (U.S.) Zambia Zimbabwe

NAFTA:

Motor vehicle trade between the USA, Canada, and Mexico are bound by the terms of the 1994 North American Free Trade Agreement (NAFTA), which may be found at: http://www.mac.doc.gov/nafta/naftatext.html. Specific coverage of the automotive sector is contained in Annex 300A of Chapter 3 of the Agreement. The text is available at: http://www.sice.oas.org/trade/nafta/anx300a1.asp. An exporter's guide may be accessed by clicking on the "NAFTA" tab of the U.S. Commerce Department's Trade Information Center web site at: http://www.trade.gov/td/tic/.

CANADA- New Motor Vehicle Production/Assembly (in units)

	2000	2001	2002
Cars	1,550,500	1,274,853	1,369,042
Trucks	1,404,295	1,260,499	1,255,389

Source: Automotive News Market Data Book

CANADA- New Motor Vehicle Sales (in units)

	2000	2001	2002
Cars	854,074	873,968	940,811
Trucks	695,441	696,662	762,700

Source: Automotive News 2003 Market Data Book

Canada:

The Canadian government maintains a web site for importers of motor vehicles at: http://www.ccra-adrc.gc.ca/customs/individuals/bringing_goods/motor_vehicles/menu-e.html and at: http://www.tc.gc.ca/acts-regulations/general/m/mvsa/regulations/mvsrg/010/mvsr12.html.

Regulations governing automotive trade between the United States and Canada were first liberalized by the Canada-U.S. Automotive Trade Products Act of 1965, and further relaxed by the Canada-U.S. Free Trade Agreement of 1989, before being subsumed into the NAFTA in 1994.

Duties:

There are no customs duties on Canadian imports from the United States of motor vehicles or of automotive parts that meet the NAFTA rule of origin (in essence, 62.5 percent of the value of the vehicle must originate within NAFTA). Vehicles and components that do not comply with the rule of origin are subject to a 6.5 percent duty.

Taxes:
All transactions are also subject to a "goods and services" tax (GST) of 7 percent, which is collected on the sum of the Customs-valued import and applicable duty. Vehicles with air conditioning and vehicles weighing more than 4,425 pounds are subject to an excise tax of $100 Canadian.

Safety and Emissions Compliance:
Most vehicles less than 15 years old (actual date of manufacture, not the "model year"), or buses manufactured on or after January 1, 1971, that exhibit a certification plate attesting compliance with U.S. federal motor vehicle safety and emission standards may be imported, so long as any recall notices issued subsequent to manufacture have been satisfied. These vehicles must be entered into Canada's Registrar of Imported Vehicles (RIV) Program upon crossing the border. The RIV Program assures that qualifying vehicles are modified, inspected, and certified to meet Canadian safety standards. The RIV Program registration fee is $182 Canadian in all provinces, except Quebec where it is $197 Canadian. All vehicles must be brought into conformity with Canadian safety and emissions regulations within 45 days of entry (See: http://www.tc.gc.ca/acts-regulations/general/m/mvsa/regulations/mvsrg/toc_mvsrg.htm.) Vehicles older than 15 years from the applicable date of manufacture that have U.S. certification may be imported without following the RIV procedure, but must comply with road safety requirements of the province in which registration is sought.

MEXICO- New Motor Vehicle Production/Assembly (in units)

	2000	2001	2002
Cars	1,279,089	1,209,029	1,139,685
Trucks	610,397	618,557	630,223

Source: Automotive News Market Data Book

MEXICO- New Motor Vehicle Sales (in units)

	2000	2001	2002
Cars	593,455	666,941	715,092
Trucks	260,320	251,984	266,301

Source: Automotive News 2003 Market Data Book

Mexico:

The North American Free Trade Agreement supplanted Mexico's Automotive Decrees on light and heavy vehicles, providing for the staged elimination of Mexican tariffs, local content requirements, market access restrictions, import trade balancing requirements, and market share restrictions. With only the two exceptions noted below, all barriers have been eliminated on imports from the U.S. that meet the NAFTA rule of origin.

Tariffs:

- Mexican import duties on cars and trucks produced in the U.S. or Canada that meet the NAFTA rule of origin were reduced to zero on January 1, 2003, one year ahead of schedule.
- Mexico maintains a 20 percent tariff on U.S. and Canadian vehicles not meeting the NAFTA rule of origin and on vehicles from all other countries, except members of the EU and Brazil. Vehicles that comply with the Mexico-EU free trade agreement (MEFTA) also enter duty free, but remain subject to quota restrictions until 2007. Imports in excess of the quota (15 percent of the previous year's total market for similar vehicles) are subject to a 10 percent duty. Up to 50,000 new vehicles per year manufactured in Brazil enter at an 8 percent tariff rates, in accordance with an agreement between the two countries. Additional units are subject to a rate of 20 percent.

Taxes:

- The Mexican Value Added Tax (VAT) is 10 percent for vehicles that are registered in the Northern border region. The VAT for the remainder of the country is 15 percent. The VAT is assessed on the sum of the Customs value of the vehicle, plus import duty, plus the Customs processing fee of 0.8 percent of the Customs value.

Trade Balance Requirements and Quotas:

- Until January 1, 2004, only local vehicle assemblers may import new motor vehicles.
- Until that data, local vehicle assemblers are required to export $0.55 of vehicles for every $1 of vehicle imports. (The ratio prior to the agreement was $2 of exports for each dollar of imports.)
- After January 1, 2004, any manufacturer may establish local distribution channels.

Rule of Origin:

- The NAFTA rule of origin is a regional content measurement that establishes the minimum criteria that products must meet in order to qualify for preferential tariff treatment between the U.S., Canada, and Mexico.
- As of January 1, 2002, at least 62.5 percent of a passenger car or light truck's net cost must be of value originating in North America. All other vehicles must reach 60 percent North American content to qualify for zero duty rates.
- There is an additional, special category for vehicle manufacturers setting up a new plant, or significantly retooling an existing plant, to produce a class or size of vehicle not previously produced at that plant. This provision allows for 50 percent regional content to meet rule of origin requirements, for a period of either two or five years (two years for production of a new type of vehicle at an existing plant, five years for a new type of vehicle in a new plant), beginning on the date the first prototype vehicle is produced in the (qualifying) plant.

Used Vehicles:

- NAFTA allows Mexico to continue to restrict imports of used vehicles until January 1, 2009, when a 10-year phase out based on vehicle age will commence.
- However, the Mexican government permits limited imports of used vehicles from the United States into its "border zones" (northern border of Mexico, free zones of the state of Baja, partial zones of Sonora and the state of Baja California del Sur, and the border city of Cananea. Used vehicles from 4 to 15 model years older than the current model year (in Mexico, Nov 1-Oct 31) are eligible.
- In addition, a decree published by the Mexican government in its Diario Oficial de la Federacion on March 13, 2000 provides that beginning April 1, 2000, pickup trucks that were built in the United States or in Canada and that are at least 10 years old, may be imported for a fee of $200 plus applicable customs duties (zero as of January 1, 2003).
- Mexican residents must apply directly to the Mexican government's Commerce Department and Customs Office to obtain the necessary license for this wavier, as well as for imports that enter under the border zone provision.

Import Licenses:

- NAFTA allows Mexico to employ import licenses until January 1, 2004, to control entry of new light vehicles. Mexico's import license requirement for new heavy vehicles was terminated by the agreement on January 1, 1999.
- Companies that comply with all provisions of the NAFTA may not use import licenses to restrict imports of new vehicles or parts.
- Mexico may use import licenses to restrict entry of used vehicles until the beginning of the used vehicle phase-out on January 1, 2009. During the phase-out period, licenses may be used to monitor the age of imported used vehicles, but cannot be used to limit the number of vehicle imports in the allowed age category.
- Mexico maintains a ban on the imports of some used heavy equipment, including many special purpose motor vehicles such as concrete mixers. Access into Mexico of these vehicles for fulfillment of a contract will be restricted until 2004. In 2004, the ban on used heavy equipment will be eliminated, and import permits will monitor the use of such equipment in Mexico to ensure the equipment is not being sold but rather is being used in fulfillment of a contract.
- When the phase out of the used vehicle ban is completed in 2019, import permits will no longer be required for any motor vehicle category.

SOUTH/CENTRAL AMERICA & CARIBBEAN COUNTRIES

ARGENTINA- New Motor Vehicle Production/Assembly (in units)

	2000	2001	2002
Cars	238,921	169,580	111,250
Trucks	100,711	65,997	48,597

Source: Automotive News Market Data Book

ARGENTINA- New Motor Vehicle Sales (in units)

	2000	2001	2002
Cars	243,100	130,770	66,943
Trucks	81,996	51,198	23,265

Source: Automotive News 2003 Market Data Book

Argentina:

Tariffs:

- The tariff applied to cars ranges from 12.5-37.5 percent (most at 35 percent).
- The tariff applied to trucks ranges from 16.5-37.5 percent (most at 37.5 percent).
- The tariff for auto parts (HTS 8707-08) ranges from 16.5-20.5 percent.
- MERCOSUR countries (Argentina, Brazil, Paraguay, and Uruguay) plan to eventually adopt the same rules governing imports and will presumably adopt a common external tariff for automobiles and auto parts. The tariff rates are expected to be between 14-18 percent for auto parts, 30 percent for trucks, and 35 percent for automobiles. In the interim, vehicles imported from other MERCOSUR countries, which do not meet the regional content requirement of 60 percent (and Argentina's 30 percent sub-regional content requirement), are subject to a 10 percent duty.

Taxes:

- Value Added Tax (VAT): cars (21 percent); trucks (10.5 percent)
- An additional "advanced" VAT of 6-8 percent (based on CIF value plus the duty and the import statistics fee of 10 percent)
- Various provincial sales taxes
- Duty Surcharge (0.5 percent)
- Statistical tax (3 percent)
- A 3 percent advanced profit tax, charged on the custom value of goods

Other Measures:

- Import ban on used vehicles

· Import license required

· Import Restrictions: Foreign vehicles that do not have a domestic equivalent are subject to import quotas. This quota system limits imports to a percentage of total domestic production (for example, in 1994 this quota was 10 percent). The rights of the quotas are auctioned off, and the bidder willing to pay the most amounts above the average duty wins the quota. However, dealers can bid on a portion of the quota allotment by offering to pay an additional import duty over the regular 20 percent. Individuals may also participate, along with dealers, in special periodic quota allotments, under the same bidding system. Both individuals and dealers are limited to two imported vehicles per year. Assemblers who also import vehicles are also committed to maintain a higher level of exports than imports.

· Import quotas and licensing are required for:

· Motor vehicles weighing less than 850kg, greater than 1,500kg and costing less than US$5,500 (HS 8702010101)

· Motor vehicles weighing between 850kg but less than 1,500kg with an ex-works price less than US$9,00 (HS 8702010120)

· Motor vehicles weighing more than 1,050kg with an ex-works price of less than US$16,000 (HS 8702010140)

· Motor vehicles weighing more than 1,050kg with an ex-works price of greater than US$16,000 (HS 8702010160)

· Chassis with gearbox in vertical position (HS 8702010161)

· Public transportation vehicles weighing less than 1,000kg and more than 1,000kg (HS 8702929001 and HS 8702929099, respectively)

· Heavy goods vehicles weighing more than 1,000kg but less than 2,000kg and those weighing more than 2,000kg (HS 8702030104 and HS 8702030105, respectively)

· Bilateral Quota System: The Governments of Argentina and Brazil allow local automakers to import a certain number of cars and trucks from each other duty-free. The respective Governments adjust this quota each year.

· Official distributors of foreign cars are limited to the importation of finished cars equal in value to the Argentine parts exported by the company.

Local Content/Regional Content Requirements:

· Local Content Requirements: The maximum allowable foreign content for vehicles of Categories A, B, and C are 24, 38 and 50 percent, respectively. Category A is defined as light-duty vehicles with a carrying capacity up to 1,500kg, derived from cars. Category B is light-duty trucks with a carrying capacity up to 1,500kg, not derived from cars. Category C is defined as the chassis and trays for heavy-duty trucks with carrying capacity greater that 1,500kg.

· Regional Content Requirements: For trade among the MERCOSUR countries (Brazil, Argentina, Uruguay and Paraguay) all products that have at least 60 percent regional content (30 percent of which must be from Argentina) are traded duty free among these countries.

· The maximum percentage of imported components allowed for each model produced by terminal manufacturers is as follows (taken from Argentine Automotive Policy Decree 33/96): Category A: cars and pick-ups with load capacity lower than 1500kg: 1998--35 percent, 1999--32.5 percent; Category B: trucks and platforms with load capacity less than 1500kg: 1998--35 percent, 1999-- 32.5 percent. Calculation of the above maximum percentage of imported content is to be done as follows: sum of FOB value of imported components in vehicle divided by price of vehicles to dealers before taxes x 100.

Membership in Western Hemisphere Trade & Economic Agreements:
- Mercosur member
- ALADI
- Andean
- Chile (auto only)
- Ecuador
- Mexico (auto with quota)
- WTO (no CKD bindings)

BOLIVIA- New Motor Vehicle Sales (in units)

	2000	2001	2002
Cars	2,300	3,900	4,500
Trucks	5,605	1,764	1,741

Source: Automotive News 2003 Market Data Book

Bolivia:

There are no local content regulations or import restrictions. Both new and used vehicles may be imported. There is a flat import duty of 10 percent on all goods, except for capital goods, which are assessed a customs duty of 5 percent (heavy trucks greater than or equal to 6 tons are considered capital goods), a 14.92 percent effective VAT, and a special 10 percent consumption tax on car sales. In addition to the import duty, imported goods including motor vehicles are subject to customs warehouse fees of 1.9 percent of the FOB price and customs broker's fees of up to 2.0 percent of the CIF price. A motor vehicle is therefore subject to over 35 percent duties, taxes, and fees. Bolivia also requires pre-shipment valuation inspections.

BRAZIL- New Motor Vehicle Production/Assembly (in units)

	2000	2001	2002
Cars	1,347,923	1,482,000	1,452,908
Trucks	323,170	313,273	270,597

Source: Automotive News Market Data Book

BRAZIL- New Motor Vehicle Sales (in units)

	2000	2001	2002
Cars	1,139,600	1,295,064	1,231,100
Trucks	279,509	291,925	257,912

Source: Automotive News 2003 Market Data Book

<u>Brazil:</u>

Tariffs:

· The tariff applied to cars ranges from 22.5-35 percent (most at 35 percent).

· The tariff applied to trucks ranges from 14-35 percent (most at 35 percent).

· The tariff for auto parts (HTS 8707-08) ranges from 14-20.5 percent.

· Auto manufacturers with plants in Brazil that are under the Brazilian Automotive Program import at reduced tariff rates, 24.5 percent for passenger vehicles and 22.5 percent for commercial vehicles.

· In December 1999, Brazil ended the import quota system, which allowed automobile manufacturers and some independent importers to import 50,000 automobiles per year at a reduced tariff (23% in 1999).

· Import Taxes for trading within the Mercosul region are not subject to import tariff.

· Automobile and part manufacturers established in Brazil that benefited from import tariff reductions granted by the automotive program that expired in 1999, continue to enjoy a 40% reduction on the import tariff rate on imports of automotive parts.

· Mercosul-made products enjoy exemption of import tariffs when, 60% of the product's sales value are generated in the Mercosul region. The new automobile plants are required to reach 40% Mercosul content in the first year of production, 50% in the second year and 60% after the third year.

Taxes:

Import taxes:

· Import taxes are charged on the CIF value of the good.

Vehicles: 35%

Automotive parts: 14%; 16% and 18% (levels to be reached by 2006).

The current import tariff on automobiles is 35%.

Import tariffs on auto parts range from 17% to 23%.

IPI:

· The IPI (Industrial Product Tax) is a federal tax applicable to imported and locally manufactured products and varies according to the product. The IPI for auto parts ranges from 4 to 16 percent and for automobiles ranges from 5 to 25 percent. For example:

Vehicle category/ engine displacement	Current Tax rate
Automobiles up to 1000 cc	10
Automobiles up to 100 HP	25
Automobiles of up 127 HP	25
Automobiles of over 127 HP	25
Light commercials 4X4 (pick ups)	10
Diesel light commercials 4X2	10

Source: ANFAVEA (National Association of Automobile Manufacturers)

· The IPI is charged on the CIF price plus the import duty. It is not a cost item *per se*, because the paid value represents a credit to the importer. When the product is sold to the end-user, the importer debits the IPI, which is included in the final price of the product and is paid for by the end-user.

ICMS:

· The ICMS (Merchandise Circulation Tax) is a state tax, which varies according to the state, but ranges from 17-25 percent. The most common ICMS in the state of Sao Paulo is 18 percent and is charged on the CIF price plus the IPI. The ICMS is also assessed on locally made goods.

· Although importers must pay the ICMS to clear customs, it is not an actual cost item *per se*, because -- similar to the IPI tax -- the paid value represents a credit to the importer. When the merchandise is sold to the end-user, the importer debits the ICMS, which is included in the final prices and is paid by the end-user.

PIS/CONFINS:

- Contribution of 8.26 percent.

Port Taxes and Costs:

Compulsory Contribution to Custom Broker's Union	2% of CIF, or minimum of US$140, maximum of US$280
Customs Broker	Average US$700
Terminal Handling Charges	Up to US$400 per container
Merchant Marine Tax	25% of ocean freight
Warehousing and Foremanship	0.65% of CIF

Port and warehousing fees: vary according to the port or airport and on the period of time required to release imports from customs. These fees usually add up to 2 to 4% of the CIF price. Smaller ports outside Sao Paulo and Rio de Janeiro are usually less expensive than the ones in those states.

Other Measures:

Local/Regional Content Requirements:

· Currently, the Brazilian Automotive Program requires established automobile manufacturers to source 60 percent of all auto parts locally, whereas "newly-established" manufacturers are required to source 50 percent locally during the first three years of production and 60 percent thereafter.

· In the first half of 2000, Brazil and Argentina established the basis of a *new Automotive Program* that includes automobiles, chassis with engines, automobile bodies and automotive parts (parts, assemblies and sub-assemblies). The program, yet to be presented to the other Mercosul partners (Uruguay and Paraguay), should be in place from July 2000 until 2005. It features a monitored automotive trade balance among Brazil and Argentina, in which the surplus with its Mercosul partner may not surpass the following percentages:

3% in 2000;
5% in 2001;
7.5% in 2002; and,
10% in 2003

Licensing:

· An import license is required for imports of most vehicles and some auto parts. Import licenses are issued by the Brazilian Foreign Trade Secretariat (SECEX) and take approximately two weeks to obtain. They are valid for 60 days.

Import Restrictions:

· Imports of used automobiles into Brazil are not allowed under any circumstances, and special authorization is required for the import of used parts.

· Brazil also has a ban on diesel passenger car imports, but still exports diesel cars to Argentina. Argentina is also currently considering a similar ban on imports and production of diesel passenger cars. There is a possibility this ban will be extended to the entire MERCOSUR region; however, this has yet to be determined under the CAP negotiations.

Membership in Western Hemisphere Trade & Economic Agreements:

- Mercosur member
- ALADI
- Andean
- Chile (auto with quota)
- Mexico (auto with quota)
- WTO

CARICOM

Caribbean Community and Common Market (CARICOM): Member states: Antigua & Barbuda, The Bahamas (member of the Community, not the Common Market), Barbados, Belize, Dominica, Grenada, Guyana, Haiti, Jamaica, Montserrat, St. Kitts-Nevis, St. Lucia, St. Vincent and the Grenadines, and Trinidad & Tobago; associate members: B.V.I. and the Turks and Caicos; observers: Anguilla, Dominican Republic, Netherlands Antilles, Puerto Rico, Suriname, and Venezuela. On June 30, 1993, most member states reduced the automobile tariff from 45 percent to 35 percent. The Bahamas, Montserrat, St Kitts-Nevis and Antigua and Barbuda did not adopt the tariff reduction. The Community had planed to reduce this rate to 20 percent by 1998, with truck tariffs remaining at 10 percent. It is unclear which members actually adopted this change. Belize will implement all tariff reductions two years behind other members, and the Bahamas will continue to maintain its own tariff schedule of 50 percent for automobiles. Customs surcharges, stamp taxes, and consumption taxes vary between countries, but most fall within the 40 to 100 percent range. For the most up to date information please contact the customs office of each individual country.

CHILE- New Motor Vehicle Production/Assembly (in units)

	2000	2001	2002
Cars	5,900	4,825	7,484
Trucks	13,013	10,065	12,652

Source: Automotive News Market Data Book

CHILE- New Motor Vehicle Sales (in units)

	2000	2001	2002
Cars	69,000	55,075	56,789
Trucks	57,490	47,265	41,797

Source: Automotive News 2003 Market Data Book

<u>Chile:</u>

Tariffs:

- All new imported motor vehicles and automotive parts are assessed Chile's uniform tariff rate of 6 percent, based on the CIF value, with the exception of vehicles coming from Canada and Mexico, and auto parts coming from Colombia and Venezuela due to bilateral agreements (see Various Trade Arrangements).

Taxes:

- Value Added Tax (VAT) of 18 percent, charged on the sum of the CIF value and the amount of the duty. This tax is chargeable to the importer, not the foreign supplier. (Imports by Chilean Government offices and Armed forces are not subject to import duties or taxes.)
- Luxury tax: based on CIF value and included in the calculation of VAT, the luxury tax is charged on 85 percent of the car's value in excess of an amount which is adjusted annually according to U.S. wholesale price index. (The dollar amount as of January 2003 was $15,835.) This tax is assessed on all items in excess of this annually determined value. This tax is applied using the following formula: (CIF- 15,835) x 0.85.
- The luxury tax does not apply to buses, trucks, ambulances, off road vehicles, motor homes, or other special vehicles. The luxury tax is applied to those finished and semi-finished vehicles with a useful weight of under 2,000 Kg.

Other Measures:

Import Restrictions:

- In Chile the importation of used vehicles is prohibited. Chile does allow imports of used ambulances, funeral hearse cars, fire-fighting vehicles, street cleaning vehicles, irrigation vehicles, towing vehicles, television projection equipment vehicles, armored commercial vehicles, workshop vehicles, cement making trucks, prison vans, radiological equipment vehicles, motor homes, off-road transportation vehicles, and other similar vehicles for special purposes, different from common transportation vehicles. These used vehicles pay an 8 percent import duty plus VAT. Fire-fighting vehicles are not subject to import duties, and pay the VAT on the CIF value only. A vehicle is considered new if: 1) It is of the current year; or 2) The model is of the last year but the importation occurred before April 30th and the vehicle has no more mileage than that required to transport the vehicle from the factory to the point of sale and according to customs it corresponds to a first transaction vehicle (i.e., the invoice is from the distributor or the factory). Special laws allow tax-exempt new/used car imports by persons returning from exile or returning after living abroad (for one complete year or more) for studies or work after a determined number of years. People domiciled in two domestic free trade zones, Iquique in the north and Punta Arenas in the south may also import used cars. Imports in these areas are exempt from customs duties and VAT. (See Various Trade Arrangements).

- Automotive investment in Chile is governed by the "Automotive Statute", which allows any car assembly company to operate in Chile. The Statute establishes a 13 percent minimum of local content in vehicles assembled from completely knocked-down (CKD) kits and 3 percent for vehicles assembled from semi-knocked down (SKD) kits. Local vehicle assemblers and part manufacturers benefit from Article 3 of Law 18,483, which exempts imported auto parts and components from customs duties if the importer exports parts and components of specific, certified quality worth the same amount ex-factory. If exported alone, the parts must include in country value-added of at least 50 percent. If they are built into vehicles that are assembled in Chile and then exported, then the value-added component must be at least 70 percent. (This law is being replaced by a new law called the Arica Law which gives incentives to establish in the Arica industrial free trade zone for any manufacturing plant)

- An import report to the Central Bank is required, free of cost, for shipments above US$3,000 CIF for statistical record keeping purposes.

- Since September 1994, Chilean law requires that all vehicles meet EPA standards of 1987. (Light vehicles must comply with EPA 1991 standards, and soon TIER 1 or Euro 3 will apply to those vehicles used within the Santiago Metropolitan Area.)

- Catalytic converters are required on all new cars

- Customs Valuation problems

Various Trade Arrangements:

- U.S.-Chile Free Trade Agreement: concluded in December 2002 to be implemented during 2003. Several automotive provisions.

- Chile has bilateral trade agreements with Colombia and Venezuela which give auto parts zero tariff status. Chile also has a bilateral trade agreement with the European Union.

- Vehicles imported from Canada and Mexico fall under bilateral agreements and are not subject to import duties if they meet certain content requirements. Chile's trade agreement with Mexico covers fully assembled vehicles (of at least 32 percent Mexican origin including parts and labor). In the case of Canada, vehicles must have at least 20 percent Canadian parts content.

- Chile is involved in trade relationships with several multinational groups. Chile's membership in APEC may develop into very favorable trade terms. Chile has non-member associate status with MERCOSUR (made up of Brazil, Argentina, Uruguay and Paraguay) that will allow it market access with preferential tariffs. Chile is also involved in free trade negotiations with Korea and the European Union.

Two domestic free trade zones exist: Iquique in the north and Punta Arenas (Regions I and XI) in the south. Imports in these two areas are exempt from customs duties and VAT. The regions immediately surrounding Iquique and Punta Arenas are considered an "extended" duty-free zone, which means that if goods are shipped outside the primary free zone but inside the extended area, they only pay 5.68 percent tariff. Vehicles shipped beyond these zones are responsible for full tariffs and taxes.

COLUMBIA- New Motor Vehicle Production/Assembly (in units)

	2000	2001	2002
Cars	9,700	18,900	20,500
Trucks	13,997	13,893	12,312

Source: Automotive News Market Data Book

COLUMBIA- New Motor Vehicle Sales (in units)

	2000	2001	2002
Cars	39,000	44,900	36,552
Trucks	45,681	25,852	19,665

Source: Automotive News 2003 Market Data Book

Colombia:

Tariffs:

- In September 1993, Colombia, Venezuela, and Ecuador agreed to adopt a common automotive policy, which became effective on January 1, 1994 (also known as the Complementary Convention in the Automotive Sector and/or Andean Automotive Policy). This policy established common external automotive tariffs of 35 percent for automobiles and CKD kits, 15 percent for trucks and buses (10 percent for Ecuador), and a concessional rate of 3 percent for CKD kits available to assemblers participating in the regional/local content scheme (see below).

Taxes:

VAT is assessed on the C.I.F. value plus applicable duties

--Four-wheel-drive vehicles (20 percent)

--All other cars (35 percent); unless the C.I.F. value plus tariff is greater than or equal to US $35,000, in which case the VAT is 45 percent.

--Ambulances and hearses (14 percent)

Other Measures:

- There are no limitations on the types of models imported, and no special import permits are required. However, imported vehicles must be registered with the Colombian government prior to shipment. Local assemblers are free to assemble vehicles of any model and are also allowed to import vehicles.
- Since January 1, 1994, Colombia has required gas emission/evaporation control systems (to reduce gasoline tank and carburetor emissions) and a gas emission control system or positive ventilation valve (to control crankcase gas emissions) on all gasoline engine motor vehicles imported into or assembled in Colombia.
- Since January 1, 1995, Colombia has required catalytic converters to be installed on imported and locally produced vehicles.

Regional/Local Content:

Under the 1994 agreement, a regional/local content scheme was established for a five-year period so that vehicles and parts could be traded amongst all three countries duty-free. For example, the 1995-96 minimum requirement was set at 30 percent for automotive parts and passenger vehicles with a capacity of up to 16 persons and merchandise transport vehicles of a total weight of 4.5 tons (Category 1), and at 15 percent for other types of vehicles (Category 2).

To enjoy the privilege of importing CKD material with a 3 percent import duty, assemblers must incorporate local content as follows: Category 1: 30 percent in 1995, 31 percent in 1996, and 32 percent in 1997. Category 2: 15 percent in 1995, 16 percent in 1996, and 17 percent in 1997. By January 1998, these rates rose to 33 and 18 percent, respectively.

This Andean Automotive Program was under review by the concerned Governments for the 5-year period (1999-2004), and, despite WTO implications, it appears that the regional content rules will gradually be adjusted upwards. Based on current information we understand that the regional content requirement in 2000 was 24.8 percent, and will increase to 34.7 percent by 2009.

Import Restrictions:

- The 1994 common policy prohibits imports from other countries of used cars, trucks, and buses, as well as new vehicles from previous years. It also bans trade in these vehicles among the member nations.

Membership in Western Hemisphere Trade & Economic Agreements:

- Andean Pact Member
- ALADI
- CARICOM
- Panama
- El Salvador
- Nicaragua
- Guatemala
- Chile
- Group of Three
- WTO (no truck, CKD or automotive parts bindings)

COSTA RICA - New Motor Vehicle Sales (in units)

	2000	2001
Personal Use Vehicles	5,067	5,954
Commercial Use Vehicles	6,701	7,882

Source: Auto Strategies International Inc.

<u>Costa Rica</u>:

Tariffs:

- The tariff rate for most vehicles is 20 percent, based on the C.I.F. value.
- Buses that carry between 26 and 44 people and their chassis, trucks with a gross vehicle weight of 4000 kg or over, ambulances, hearses, and other special purpose vehicles pay a 20 percent tariff.
- Trucks with a gross vehicle weight of under 4000 kg and truck chassis with engines in this size category pay a 20 percent duty.
- Buses which carry 45 or more passengers and their chassis both pay a 5 percent duty.
- Passenger motor vehicles and passenger vehicle chassis with engines also are subject to a consumption tax of 47 percent, based on the sum of the C.I.F. value plus the tariff.
- All imports also pay a Customs surcharge of one percent based on the C.I.F. value.

- Costa Rica has a ten percent sales tax based on the sum of the C.I.F. value, tariff, consumption tax, and Customs surcharge. Thus, the tariff and taxes owed on an imported passenger car total 95.14 percent.
- In addition to the tariff, buses that carry between 26 and 44 people and their chassis, trucks with a gross vehicle weight of 4000 kg or over, ambulances, hearses, and other special purpose vehicles pay a Customs and sales taxes, but no consumption tax.
- Trucks with a gross vehicle weight of under 4000 kg and truck chassis with engines in this size category pay a 15 percent consumption tax, and the other two taxes.
- Buses that carry 45 or more passengers and their chassis both pay a 5 percent duty and the Customs and sales taxes, but no consumption tax.

Other Measures:

- Costa Rica does not require import licenses.
- Currently, Costa Rica does not grant motor vehicle imports from any country preferential treatment. However, beginning on January 1, 2000, motor vehicle imports from Mexico will enter Costa Rica duty free as stipulated in the Mexico-Costa Rica free trade agreement.

Used Vehicles:

- To calculate tariffs and taxes on used vehicles, Costa Rica uses values reported by the U.S. N.A.D.A. Official Used Car Guide.
- Costa Rica grants a discount on the sum of the tariff and consumption tax owed according to the following scale:

  -Vehicles one year older than the current model year receive a 20 percent discount
  -Two years old, 30 percent,
  -Three years old, 40 percent;
  -Four years old, 50 percent;
  -Five years old or older, 70 percent.
- Thus, for a used car two years older than the current model year, Costa Rica will 1) determine its value from the U.S. N.A.D.A.; 2) sum the 20 percent tariff and 47 percent consumption tax; 3) deduct 30 percent from this sum; 4) add this amount to the determined price of the vehicle; and 5) add the Customs surcharge and 10 percent VAT.
- Additionally, Costa Rica liberalized access to foreign currency in February 1992, so that importers are no longer required to pre-register import transactions with the Costa Rican Central Bank nor make previous deposits of currency.

DOMINICAN REPUBLIC - New Motor Vehicle Sales (in units)

	2000	2001
Personal Use Vehicles	10,061	7,076
Commercial Use Vehicles	19,442	14,795

Source: Auto Strategies International Inc.

<u>Dominican Republic</u>:

Tariffs:

- The Dominican Republic assesses all imported new and used passenger vehicles (except pick-up trucks) with a flat tariff of 30 percent.
- Pick-up trucks and other trucks with cargo capacity of five tons or less, buses, bus chassis, and passenger vehicle chassis with engines are assessed the 30 percent tariff but are not subject to the Selective Consumption Tax (ISC).
- Trucks with cargo capacity of over five tons and their chassis, truck tractors, ambulances, hearses, prison vans, fire-fighting vehicles, and concrete mixers have a ten percent duty and are not subject to the ISC.
- All other special purpose vehicles have a 15 percent tariff and pay no ISC.

Taxes:

The Dominican Republic assesses all imported new and used passenger vehicles (except pick-up trucks) with a variable ISC, and an eight percent sales tax. The tariff amount is not included in the calculation of the ISC; however, the sales tax is assessed on the sum of the vehicle's value plus the tariff plus the ISC. The DR modified the ISC by Presidential Decree #66-94 on March 25, 1994; it is now based on value rather than engine size. The table below explains the rates:

Dominican Republic ISC Tax Table

Price U.S. $	Basic-R.D. $	(%)*	Marginal Excess (%)
0 - 7,000	0	0	0
7,001 - 10,000	0	0	15
10,001 - 14,000	5,625	(4)	30
14,001 - 20,000	20,625	(12)	45
20,001 - 26,000	54,375	(21)	60
26,001 - 32,000	99,375	(30)	80
32,001 and above	---	(45)	---

*The percentages in parentheses indicate what the basic tax rate is for vehicles priced at the beginning of each range (using an exchange rate of 12.8 RD$/US$). The second percentage applies to the excess over the beginning value of the range. As an example, a car priced at US $12,000 would be subject to the basic amount of RD $5,625 or US $439, plus the marginal amount of US $600 (30 percent of US $2,000, the excess over US $10,000) = a total ISC of US $1,039.

In addition, the new decree changes the method for determining the ISC. DR Customs officials had been using price lists provided by the manufacturer to assess the ISC; however, this system created certain valuation problems. The new system uses published official list prices for automobiles, instead of price lists supplied by the manufacturer, to determine the value upon which the ISC is based. The DR does not require import licenses and does not grant motor vehicle imports from any country preferential treatment.

The new decree also modified the system for calculating duties and import taxes for used automobiles. Previously, used cars were assessed duties and taxes based on new car values. The new decree depreciates that value base for each model year of a car's age up to seven years according to the following scale: vehicles one year older than the current model year, 5 percent depreciation; two years older, 10 percent depreciation; three years older, 15 percent depreciation; four years older, 20 percent depreciation; five years older, 30 percent depreciation; six years older, 40 percent depreciation; seven years older or more, 50 percent depreciation. Thus, for a used car two years older than the current model year, the DR will deduct 10 percent from that model's new car price and use the resulting value as the base from which to calculate the tariff and ISC.

ECUADOR- New Motor Vehicle Production/Assembly (in units)

	2000	2001	2002
Cars	5,800	7,400	13,775
Trucks	9,717	10,118	7,428

Source: Automotive News Market Data Book

ECUADOR- New Motor Vehicle Sales (in units)

	2000	2001	2002
Cars	8,300	10,000	12,500
Trucks	20,399	17,156	21,168

Source: Automotive News 2003 Market Data Book

<u>Ecuador:</u>

Tariffs:

- In September 1993, Colombia, Venezuela, and Ecuador agreed to adopt a common automotive policy that became effective January 1, 1994 (also known as the Complementary Agreement in the Automotive Sector and/or Automotive Andean Policy). This policy was revised in January 2000 and established common external automotive tariffs of 35 percent for automobiles and CKD kits, 15 percent for trucks and buses (10 percent for Ecuador), and a concessional rate of 3 percent for CKD kits available to assemblers participating in the regional/local content scheme (see below).

- Automotive parts are subject to customs duties that range from 2 to 20 percent (10-15 percent for HTS numbers 8707-08).

Taxes:
- VAT: 12 percent for vehicles and automotive parts
- Special tax: 5.15 percent + 25 percent uplift
- Custom's fee: 1 percent

Non-Tariff Measures:
Regional/Local Content:

Under the 2000 agreement, a regional/local content scheme was established for a five-year period so that vehicles and parts could be traded amongst all three countries duty-free (if complying with the origin requirements). For example, the 1995-96 minimum requirement was set at 35 percent for automotive parts and passenger vehicles with a capacity of up to 16 persons and merchandise transport vehicles of a total weight of 4,537 tons or 10,000 pounds and chassis (Category 1), and at 15 percent for other types of vehicles (Category 2).

Import Restrictions:
- The Andean common policy prohibits imports from other countries of used cars, trucks, and buses, as well as new vehicles from previous years. It also bans trade in these vehicles among the member nations.
- Import of CKD's is subject to a quota assignment by the National Automotive Commission and regulated by the automotive development law. Importation is limited to those brands having a distributor and/or an authorized concessionary in the country to guarantee an adequate supply of spare parts.

Other Measures:
- Importers require an import license, which is issued by the central bank for six months.
- Local assemblers are free to assemble vehicles of any model and are also allowed to import vehicles.
- Vehicles must meet standards established by the Ecuadorian National Standards Institute (INEN)
- New vehicles must meet emission regulations
- There are no requirements for standards for parts imports, or requirements for labeling of products. The chaotic customs systems, creates disincentives to import goods through formal channels, and incentives for contraband. Many auto parts, for example, enter disguised as other goods that carry lower (or zero) customs duty.

Membership in Western Hemisphere Trade & Economic Agreements:
- Andean Pact Member
- ALADI
- Chile
- Brazil

- Cuba
- Uruguay
- Paraguay
- Argentina
- WTO (no automotive parts bindings)

EL SALVADOR - New Motor Vehicle Sales (in units)

	2000	2001
Personal Use Vehicles	2,779	2,440
Commercial Use Vehicles	5,218	5,919

Source: Auto Strategies International Inc.

El Salvador:

El Salvador has no restrictions on the importation of new or used motor vehicles. The current Transit Law (enacted 1995), will require, when fully enforced the use of catalytic converters. This enforcement, however, will be possible only after the creation of facilities nation wide to install converters and measure gas emissions.

The tariff on all four-wheel-drive vehicles is 25 percent. The tariff on all other passenger vehicles varies by engine displacement:

- Engines up to 1300 cc's = 20 percent duty
- From 1301 up to 2000 cc's = 25 percent
- Over 2000 cc's = 30 percent

Buses, trucks, ambulances, hearses, and all other special purpose vehicles are assessed from 1 to 5 percent tariff, except for golf carts and snowmobiles that are assessed 30 percent. All sales are subject to a Value Added Tax (VAT) of 13 percent. El Salvador does not require import licenses and does not grant motor vehicle imports from any country preferential treatment.

GUATEMALA- New Motor Vehicle Sales (in units)

	2000	2001	2002
Cars	12,300	13,200	14,100
Trucks	6,177	6,580	5,852

Source: Automotive News 2003 Market Data Book

<u>Guatemala</u>:

Guatemala has no restrictions on the importation of new or used motor vehicles. Tariffs are 20 percent on new passenger cars and 15 percent on four-wheel-drive vehicles and other light trucks, except for pick-up trucks, which have a tariff of 10 percent. Heavy trucks and buses have a 5 percent duty, chassis with engines have a 10 percent duty, and all special purpose vehicles pay a 20 percent tariff. All sales are subject to a seven percent VAT. Guatemala does not grant motor vehicle imports from any country preferential treatment. Guatemala requires legalization of commercial invoices and bills of lading before products may enter the country. The legalization process requires exporters to provide the Guatemalan embassy or consulate with each invoice and bill of lading prior to shipment. The embassy or consulate stamps the documents and returns them to the exporter who must present the stamped documents to Guatemalan Customs upon entry of the merchandise.

HONDURAS - New Motor Vehicle Sales (in units)

	2000	2001
Personal Use Vehicles	1,045	978
Commercial Use Vehicles	6,195	5,533

Source: Auto Strategies International Inc.

<u>Honduras</u>:

There is neither local production nor assembly of automobiles or trucks in Honduras. Licenses are not required to import a vehicle and there are no quotas. Duties on passenger vehicles are 30 to 40 percent depending on the engine size with vehicles having engines larger than 2000 ccs being charged the higher rate. Other commercial vehicles are assessed a 10 percent duty. Duties on automotive parts and accessories range between 10 and 20 percent of the C.I.F. price. In addition, there are taxes on all imported goods, including an 8 percent VAT and a 15 percent surcharge on the duty. Foreign exchange availability is limited.

JAMAICA- New Motor Vehicle Sales (in units)

	2000	2001	2002
Cars	3,200	3,400	3,700
Trucks	1,986	2,153	2,164

Source: Automotive News 2003 Market Data Book

Jamaica:

Effective February 1, 1993, Jamaica sharply reduced duty rates on most imported vehicles. Duties currently range from 87.5 percent for cars with engines under 1,000 cc, to 260 percent for cars with engines over three liters and costing in excess of USD 15,000 F.O.B. The 260 percent duty will remain in effect for luxury cars, but will range from 50-100 percent for cars under three liters.

NICARGUA- New Motor Vehicle Sales (in units)

	2000	2001	2002
Cars	8,000	8,500	9,100
Trucks	4,562	4,726	917

Source: Automotive News 2003 Market Data Book

Nicaragua:

There are no local content regulations or import restrictions. The tariff imposed on buses is 22 percent. Buses are exempt from the Nicaraguan Selective Consumption Taxes (SCT). Taxes on cars vary by value. All-purpose vehicles (Rusticos) carry a 20 percent tariff, and a 10 percent SCT. All other cars up to $27,301 must pay a 30 percent SCT, and the tariffs range from 20 percent up to 100 percent based on value. Cars with a value greater than US$ 27,301 must pay a 100 percent tariff and a 100 percent SCT. Cargo trucks are divided into two categories for taxation purposes. Trucks with a carrying capacity of up to 2 tons of cargo must pay a 15 percent tariff, and a 10 percent SCT. Trucks with a carrying capacity over 2 tons pay only 1 percent tariff and a 5 percent SCT. All cars and trucks must pay the standard 15 percent value added sales tax (VAT) and the 3 percent stamp tax.

PANAMA- New Motor Vehicle Sales (in units)

	2000	2001	2002
Cars	29,500	30,400	31,900
Trucks	11,578	8,892	6,664

Source: Automotive News 2003 Market Data Book

<u>Panama</u>:

Tariffs:

- Panama assesses new passenger car duties based on the vehicle's CIF value.
- From USD 0 to 5,000 is assessed a 15 percent tax.
- From USD 5,001-12,000 is assessed 15 percent tax.
- From USD 12,001-14,500 is assessed 18 percent tax.
- Over USD 14,500 is assessed a 20 percent tax.
- Pick-up trucks, all other trucks for the transport of merchandise, small buses, and chassis with engines pay a flat tariff of 10 percent.
- 4x4 trucks range from 15-18 percent. Four-wheel-drive vehicles duties are also based on CIF value, from USD 0 to USD 12,000, a 15 percent tariff is assessed; from USD 12,001 not exceeding USD 18,000 is assessed at 15 percent. Startinf from USD 18,000 and all others assessed 18 percent tax.
- Ambulances, hearses, prison vans, and all other special purpose vehicles pay a flat 10 percent duty.
- Truck tariffs range from 5-10 percent depending on the weight. Dump Trucks 10 percent, all other diesel trucks weighting less than 5 tons 8 percent, from 5 tons to 20 tons 5 percent, more than 20 tons 10 percent.
- Decree 56, issued by Panama's Cabinet Council, allows partial duty exemptions of automobiles, buses, and repair parts for taxi and bus operators. Taxi operators ("selectivos") are exempt from 95 percent of duties on new cars valued at USD 7,000 or less and 75 percent on used cars under five years old. They are allowed to import up to 12 new tires at 95 percent off of regular import duties. Bus operators can import up to 18 tires. Bus operators ("collectives") receive import exemptions ranging from 80 percent on six- to ten-year-old buses to 95 percent on new buses.
- Parts tariffs range from 0-15 percent (HTS numbers 8707-08).
- Parts such as air brakes, diesel motors, differentials, and transmissions receive import exemptions of 95 percent, but are subject to quantity limitations. All vehicles can be sold tax-free after five years.

Other taxes:

- Panama assesses a Value Added Tax of 5 percent.

- Panama assesses a Customs Administration fee of $70 for shipments over $2,000 in value.
- Law 61 of December 26, 2002, created the Selective Consumption Tax. Beginning April 1, 2003, 5 percent tax is added to the sale price of new cars if the CIF value is above USD$15,000 for passenger cars and USD 18,000 for 4X4.

Other Measures:

- Panama requires legalization of documents for products shipped by surface transportation. See the Guatemala section for an explanation of this procedure.
- Some auto parts import volume is limited.

Membership in Western Hemisphere Trade & Economic Agreements:

- Mexico
- Colombia
- Chile
- Costa Rica
- Honduras
- Nicaragua
- El Salvador
- WTO

PARAGUAY- New Motor Vehicle Sales (in units)

	2000	2001
Personal Use Vehicles	2,742	2,628
Commercial Use Vehicles	3,798	3,627

Source: Auto Strategies International Inc.

<u>Paraguay</u>:

Tariffs currently range from 12.5 to 22.5 percent depending on engine displacement. Although Argentina and Brazil will adopt a common external tariff of 35 percent, Paraguay and Uruguay will adopt a common external tariff of up to 22.5 percent by the year 2005. In the interim, vehicles imported from other Mercosur countries, which do not meet the regional content requirement of 60 percent, are subject to the external tariff by displacement. For trade among the MERCOSUR countries, all products that have at least 60 percent regional content are traded among these countries with a 0 percent import tax, although trade is not free. Only Paraguay allows imports of MERCOSUR made vehicles with 0 percent import tariff without restriction

A transfer tax is applicable on all auto sales, and a separate registration fee is also charged in addition to any applicable municipal vehicle tax.

PERU- New Motor Vehicle Sales (in units)

	2000	2001	2002
Cars	7,000	5,400	8,400
Trucks	7,334	9,364	5,400

Source: Automotive News 2003 Market Data Book

Peru:

Tariffs:
12 percent: cars, trucks and automotive parts

Taxes:
18 percent Vat Added Tax (VAT)

Imported new vehicles with 24 seats or less are subject to a Selective Consumption Tax (SCT) of 30 percent based on the sum of the C.I.F. value and the tariff amount. Imported used vehicles with 24 seats or less are subject to an SCT of 45 percent. Imported vehicles with 25 or more seats, whether new or used, are not subject to any SCT. Automotive parts are not subject to the consumption tax.

Other Restrictions:
Bans on used vehicles based on age: Peru does not allow the entry of used personal use vehicles that are more than 5 years old and does not allow the entry of used commercial vehicles that are more than 8 years old.

New or used vehicles with right-hand steering gear entering through the southern ports of Ilo and Matarani, which are reconditioned locally, are exempt from the SCT. (Reconditioning refers to converting the steering gear to the left side.)

Peru also requires pre-shipment valuation inspections.

Membership in Western Hemisphere Trade & Economic Agreements:
- Andean Pact Member (does not participate in Automotive program with Colombia, Ecuador and Venezuela)
- ALADI
- Chile
- WTO (no auto tariff bindings)

PUERTO RICO- New Motor Vehicle Sales (in units)

	2000	2001
Personal Use Vehicles	40,021	28,924
Commercial Use Vehicles	43,727	25,595

Source: Auto Strategies International Inc.

Puerto Rico:

There are no local content regulations or import restrictions. Puerto Rico has a tax based on the suggested retail price of motor vehicles. Cars valued under $5,770 will pay $750; Cars valued over $5,769 up to $10,000 will pay $750 plus 13 percent of excess over $5,769; Cars valued over $10,000 up to $20,000 must pay $1,300 plus 25 percent of excess over $10,000; Cars valued over $20,000 up to $42,000 must pay $3,800 plus 40 percent of excess over $20,000; Cars valued over $42,000 must pay 30 percent of the taxable price. Multi-Purpose Vehicles (MPV) valued below 20,001 must pay 13 percent of the taxable price; while MPV's valued over 20,001 must pay 20 percent of the taxable price.

URUGUAY- New Motor Vehicle Production/Assembly (in units)

	2000	2001	2002
Cars	8,900	11,200	14,025
Trucks	2,000	3,460	1,173

Source: Automotive News Market Data Book

URUGUAY- New Motor Vehicle Sales (in units)

	2000	2001	2002
Cars	14,900	14,700	12658
Trucks	8,136	8,106	4,671

Source: Automotive News 2003 Market Data Book

Uruguay:

Tariffs:

· The tariff applied to cars is 22.5 percent.

· The tariff applied to trucks ranges from 6.5-22.5 percent (most at 6.5 percent).

· The tariff for auto parts (HTS 8707-08) ranges from 8-20.5 percent.

· MERCOSUR countries (Argentina, Brazil, Paraguay, and Uruguay) plan to eventually adopt the same rules governing imports and will presumably adopt a common external tariff for automobiles and auto parts. The tariff rates are expected to be between 14-18 percent for auto parts, 30 percent for trucks, and 35 percent for automobiles. In the interim, vehicles imported from other MERCOSUR countries, which do not meet the regional content requirement of 60 percent (and Argentina's 30 percent sub-regional content requirement), are subject to a 10 percent duty.

Taxes:

· Value Added Tax (VAT): 23 percent

· Special Tax: ranges from 9.6-60 percent

Other Measures:

· Import ban on used vehicles

Local Content/Regional Content Requirements:

Regional Content Requirements: For trade among the MERCOSUR countries (Brazil, Argentina, Uruguay and Paraguay) all products that have at least 60 percent regional content (30 percent of which must be from Argentina) are traded duty free among these countries.

Membership in Western Hemisphere Trade & Economic Agreements:

- Mercosur member
- ALADI
- Ecuador
- Mexico (auto with quota)
- WTO

VENEZUELA- New Motor Vehicle Production/Assembly (in units)

	2000	2001	2002
Cars	81,700	80,500	85,800
Trucks	22,297	17,128	40,133

Source: Automotive News Market Data Book

VENEZUELA- New Motor Vehicle Sales (in units)

	2000	2001	2002
Cars	100,400	166,367	80,659
Trucks	39,378	46,189	52,936

Source: Automotive News 2003 Market Data Book

Venezuela:

Tariffs:

- In September 1993, Colombia, Venezuela, and Ecuador agreed to adopt a common automotive policy, which became effective on January 1, 1994 (also known as the Complementary Convention in the Automotive Sector and/or Andean Automotive Policy. This policy established common external automotive tariffs of 35 percent for automobiles (range from 20 to 35 percent, but most are at 35), 15 percent for trucks and buses (range from 5-35 percent, but most are at 15; 10 percent for Ecuador), and a concessional rate of 3 percent for CKD kits available to assemblers participating in the regional/local content scheme (see below).
- Automotive parts are subject to customs duties, which range from 5-15 percent (HTS numbers 8707-8708).

Taxes:

- VAT 16 percent, based on price of vehicle: CIF value, plus duty paid, plus customs fee
- Transfer/local customs and service tax (5 percent), based on CIF value
- Customs handling fee (2 percent), based on CIF value

Other Measures:

- There are no limitations on the types of models imported, and no special import permits are required.
- Local assemblers are free to assemble vehicles of any model and are also allowed to import vehicles. However all local assemblers are subject to a "Foreign Exchange Program", which amounts to 50 percent of foreign exchange outflow in the case of passenger cars.
- Significant progress has been achieved in removing a non-tariff barrier involving certification requirement. This was based on obligatory quality and manufacturing standard certificates required for certain imports where the Venezuelan standards office COVENIN had established standards for Venezuelan products. Since customs demanded to see an "official" certificate to the effect that the imports complied with similar standards in their countries of origin, importers had the problem in cases where either such standards did not exist or no official standards institute was established which could certify adherence to standards. In the case of U.S. products, there was no official

institution which could certify adherence to for instance ASTM or ASI standards or similar. However, importers have by now been able to overcome this and COVENIN appears to accept a statement by the foreign manufacturer to the effect that established standards have been applied. In cases, where the importers have not been able to provide any type of certification, COVENIN is now requesting a quality test by a local testing laboratory, a costly and time-consuming procedure, which the importers are protesting. COVENIN obligatory standards exist for the following products: batteries, safety belts and safety belt anchors, McPherson struts, brake cylinders, helicoidal springs, steel wheels, brake servos, radiator caps, safety glass, spark plugs, tires. retreading material, V-belts, rubber belts, mufflers, steering terminals, wheel lugs, water hoses, brake disks and drums and suspension parts. This list is subject to changes as COVENIN might add other items.

- There are no labeling, marking or packaging requirements. Since there is some resistance by end users against non-identifiable manufacturers or countries of origin, it is advisable to print on the package or label the name of the manufacturer and his address or at least "Made in the USA". In the case of generic parts, it is helpful to list the automobile brands, model and model years for which the component is applicable.
- Luxury Tax: 10 percent over $30,000.

Regional/Local Content:

- Under the 1994 agreement, a regional/local content scheme was established for a five-year period so that vehicles and parts could be traded amongst all three countries duty-free. For example, the 1995-96 minimum requirement was set at 30 percent for automotive parts and passenger vehicles with a capacity of up to 16 persons and merchandise transport vehicles of a total weight of 4.5 tons (Category 1), and at 15 percent for other types of vehicles (Category 2).
- To enjoy the privilege of importing CKD material with a 3 percent import duty, assemblers must incorporate local content as follows: Category 1: 30 percent in 1995, 31 percent in 1996, and 32 percent in 1997. Category 2: 15 percent in 1995, 16 percent in 1996, and 17 percent in 1997. By January 1998, these rates rose to 33 and 18 percent, respectively.

This Andean Automotive Program was under review by the concerned Governments for the 5-year period (1999-2004), and, despite WTO implications, it appears that the regional content rules will gradually be adjusted upwards. Based on current information we understand that the regional content requirement in 2000 was 24.8 percent, and will increase to 34.7 percent by 2009.

Import Restrictions:

- The 1994 common policy prohibits imports from other countries of used cars, trucks, and buses, as well as new vehicles from previous years. It also bans trade in these vehicles among the member nations.

Membership in Western Hemisphere Trade & Economic Agreements:

- Andean Pact Member
- ALADI

- CARICOM
- Chile
- Costa Rica
- Guatemala
- Group of Three
- WTO (no parts bindings)

VIRGIN ISLANDS- New Motor Vehicle Sales (in units)

	2000	2001
Personal Use Vehicles	349	350
Commercial Use Vehicles	1,345	1,674

Source: Auto Strategies International Inc.

U.S. Virgin Islands:

There is a 6 percent tax assessed on all imported products, including new and used motor vehicles and automotive parts. However, products imported from the United States, but of foreign origin, are eligible for a tariff reduction equal to the amount of the duty paid upon that product's entry into the United States. For example, a passenger car on which a 2.5 percent tariff was paid would be subject to a 3.5 percent duty upon entry into the U.S.V.I. A truck on which a 25 percent tariff was paid would enter the U.S.V.I. duty free. Vehicles imported into the United States as new, but now considered used, are also eligible for the tariff reduction.

MIDDLE EAST

IRAN- New Motor Vehicle Production/Assembly (in units)

	2000	2001	2002
Cars	220,000	245,000	260,000
Trucks	19,681	19,922	45,671

Source: Automotive News Market Data Book

IRAN- New Motor Vehicle Sales (in units)

	2000	2001	2002
Cars	163,000	185,000	206,000
Trucks	37,455	31,594	33,616

Source: Automotive News 2003 Market Data Book

Iran:

In early 1992, Iran lifted its 10-year ban on automobiles. Individuals are now allowed to import permitted makes including (Mercedes Benz, BMW, Volkswagen, Peugeot, Volvo, Mitsubishi, Honda, Subaru and Toyota). **NOTE: U.S. companies are not allowed to export goods and services to Iran as outlined by Executive Orders 12613, 12957, and 12959.**

ISRAEL- New Motor Vehicle Production/Assembly (in units)

	2000	2001	2002
Cars	-	-	-
Trucks	1,250	1,000	1,000

Source: Automotive News Market Data Book

ISRAEL- New Motor Vehicle Sales (in units)

	2000	2001	2002
Cars	147,300	160,864	102,171
Trucks	44,477	43,797	29,877

Source: Automotive News 2003 Market Data Book

Israel:

There are no import duties on U.S. automobiles. A uniform purchase tax rate of 100 percent, a VAT of 17 percent, and a 1.5 percent port tax is levied on automobiles. Israel accepts European motor vehicle standards, but not those of the United States. Most U.S. lighting and safety standards are accepted, however, headlamp standards are still a problem. Lead free gasoline is now becoming more readily available. All new automobiles with engines over 2,000 cc's must run on unleaded gasoline. Beginning January 1, 1996, the Israeli government began using a car's value, rather than its engine size, as the basis for income tax valuation. Similarly, engine size no longer forms the basis for car registration fees. The 2,000 cc engine size ceiling for government fleet procurement was also eliminated.

KUWAIT- New Motor Vehicle Sales (in units)

	2000	2001	2002
Cars	61,000	65,500	69,000
Trucks	11,117	12,334	11,472

Source: Automotive News 2003 Market Data Book

Kuwait:

There are no restrictions on vehicle imports. A 4 percent ad valorem import tariff is in effect. Imports of motor vehicles more than five years old are restricted. Unleaded gasoline is difficult to find, causing problems with U.S.-built cars with catalytic converters.

SAUDI ARABIA- New Motor Vehicle Production/Assembly (in units)

	2000	2001	2002
Cars	-	-	-
Trucks	1,500	1,100	1,200

Source: Automotive News Market Data Book

SAUDI ARABIA- New Motor Vehicle Sales (in units)

	2000	2001	2002
Cars	276,000	319,000	336,000
Trucks	100,539	104,432	96,496

Source: Automotive News 2003 Market Data Book

Saudi Arabia:

There are no local content regulations or import restrictions. The import tariff is 12 percent of C.I.F. value. Imported vehicles, new or used, must be equipped to operate on leaded gasoline, therefore cars should not be equipped with catalytic converters. Historically, Saudi Arabia has not enforced their vehicle standards. However, the officials of Saudi Arabian (SASO) standards organization have reported that they intend to increase enforcement of their vehicle standards.

United Arab Emirates:

There are no local content regulations or import restrictions on vehicles. The import tariff is 4 percent ad valorem of C.I.F. value.

EAST ASIA

CHINA- New Motor Vehicle Production/Assembly (in units)

	2000	2001	2002
Cars	604,677	743,336	1,183,125
Trucks	1,439,427	1,525,896	1,730,405

Source: Automotive News Market Data Book

CHINA- New Motor Vehicle Sales (in units)

	2000	2001	2002
Cars	609,300	753,561	1,217,592
Trucks	1,446,804	1,600,000	1,699,228

Source: Automotive News 2003 Market Data Book

<u>China:</u>

Automotive Tariffs

Tariffs on autos (currently 100% and 80%) will decrease as follows:

Rate	2000	2001	2002	2003	2004	2005	1/2006	7/2006
100%	77.5%	61.7%	50.7%	43.0%	37.6%	30.0%	28.0%	25.0%
80%	63.5%	51.9%	43.8%	38.2%	34.2%	30.0%	28.0%	25.0%

This reflects an acceleration of tariff cuts in the first years after accession as compared with China's previous offer set out below.

Rate	2000	2001	2002	2003	2004	2005
100%	87.5%	75.0 %	62.5 %	50.0 %	37.5 %	25%
80%	70.83%	61.66%	52.5 %	43.33%	34.16%	25%

Auto Parts

Tariffs will be phased down from an average of 23.4% to an average of 10%. For any auto parts tariff with a differential between the base rate and the final rate of less than 20 percentage points, the original schedule prevails resulting in fully phased-in tariffs cuts in 2000, 2001, 2002, 2003, and 2004 depending on the product. For products with differentials of 20-30 percentage points, the final duties will be phased in by January 1, 2006, with a 30% initial cut and remaining reductions made in equal annual installments thereafter. For products with differentials above 30 percentage points, final rates will be phased in by July 1, 2006, with a 25% initial cut and remaining reductions made in equal annual installments thereafter.

Quotas

Quotas on autos will be phased out by 2005 with an initial level of $6.0 billion, which exceeds the actual level of trade prior to implementation of the 1994 Auto Industrial Policy. Quotas will grow 15% annually until eliminated. Quotas on autos will be phased out by 2005 with an initial level of $6.0 billion, which exceeds the actual level of trade prior to implementation of the 1996 Auto Industrial Policy. Quotas will grow 15% annually until eliminated. Tariffs will be phased down to an average of 10%. For any auto parts tariff with a differential between the base rate and the final rate of less than 20 percentage points, the original schedule prevails resulting in fully phased-in tariffs cuts in 2000, 2001, 2002, 2003, and 2004 depending on the product. For products with differentials of 20-30 percentage points, the final duties will be phased in by January 1, 2006, with a 30% initial cut and remaining reductions made in equal annual installments thereafter. For products with differentials above 30 percentage points, final rates will be phased in by July 1, 2006, with a 25% initial cut and remaining reductions made in equal annual installments thereafter.

Distribution and Trading Rights

Currently in China, the right to engage in trade (importing and exporting) is strictly limited; only companies that receive specific authorization or who import goods to be used in production have such rights. This limits the ability of U.S. companies to do business in China, and has limited U.S. exports. China has agreed that companies in China and U.S. companies will be able distribute most products, including autos and auto parts, into any part of China three years after accession. This commitment is phased in over the three-year period.

China also generally prohibits companies from distributing imported products or providing related distribution services such as repair and maintenance services. China will permit foreign enterprises to engage in the full range of distribution services over a three-year phase-in period for almost all products, including autos and auto parts.

Auto Financing

Currently, only certain Chinese banks are authorized to conduct auto financing and only for certain vehicle models. Upon accession, non-bank financial institutions will be permitted to provide auto financing without any market access or national treatment limitations.

Safeguards

China has committed to strong provisions to address import surges. This safeguard takes the form of a special mechanism that addresses rapidly increasing imports from China that cause or threaten to cause market disruption on a product-specific basis for 12 years after accession.

Other Commitments

To alleviate the uncertainty associated with China's inconsistent application, refund, and waivers of its 17% VAT tax, China has agreed to apply all taxes and tariffs uniformly to both domestic and foreign businesses.

China has agreed not to apply or enforce export-performance requirements, local-content requirements, and similar requirements as a condition on importation or investment approval.

CHINESE TAIPEI- New Motor Vehicle Production/Assembly (in units)

	2000	2001	2002
Cars	255,800	195,109	231,506
Trucks	111,397	75,427	102,193

Source: Automotive News Market Data Book

CHINESE TAIPEI- New Motor Vehicle Sales (in units)

	2000	2001	2002
Cars	313,400	274,489	312,695
Trucks	89,120	98,311	106,596

Source: Automotive News 2003 Market Data Book

Chinese Taipei:

In its effort to accede to the World Trade Organization (WTO), Chinese Taipei has agreed to make some significant trade and investment concessions in the automotive sector. Almost all of the concessions will be implemented upon accession; the following reflects Chinese Taipei's current automotive trade and investment measures -- not the status of Chinese Taipei's current WTO accession negotiations (pre-accession import quota allocations are included). However, it is important to note that upon Chinese Taipei's accession to the WTO many of these measures will experience significant change.

Tariff Measures:
Motor Vehicles:

- Chinese Taipei assesses a 30 percent import tariff on passenger cars and trucks with an engine displacement of 3,500 cc or less. Other commercial vehicles are assessed a 42 percent tariff, except for refrigerated and insulated trucks. Chinese Taipei uses the invoice price of a vehicle as the basis for calculating the tariff-paying value.

- *Note: The tariff on motor vehicle imports will be reduced from 30% to 20%, phased down by 1% each year following Chinese Taipei's accession to the WTO. Tariffs on motor vehicles outside the quota will be phased down from 60% to 20% over these same ten years.*

Automotive Parts and Components:

- Automotive parts import tariff rates range from as high as 25 percent for certain internal engine parts to as low as 3.5 percent for ignition wiring sets. The average auto-parts and Completely-Knocked-Down (CKD) component import tariff is between 15-19 percent

Taxes:
Motor Vehicles:

- All vehicles are subject to a 5 percent Value Added Tax (VAT) and a 0.5 percent Harbor Tax.
- Chinese Taipei has two taxes based on engine displacement: 1) Special Commodity Tax and 2) License Plate Tax.
- The commodity tax for passenger cars ranges from 25 percent to 60 percent and is calculated on the CIF price plus import tariff plus harbor tax of imported vehicles. The following is a breakdown of the current commodity tax structure by engine displacement:
  - 25 percent for passenger vehicles with an engine displacement of 2,000cc or less;
  - 35 percent for passenger vehicles with an engine displacement between 2,001cc - 3,600cc;
  - 60 percent for passenger vehicles with an engine displacement of 3,601cc or more.
- *Note: Upon accession to the WTO, Chinese Taipei will replace its current system of three commodity tax levels based on engine displacement, with a two-level system. For*

vehicles with a displacement of 2,000cc or less, the commodity tax will remain 25 percent. However, vehicles at 2,001cc or more, the commodity tax will be 35 percent upon accession, and it will be further lowered to 30 percent five years after accession.

- The commodity tax for commercial vehicles is 15 percent.
- Chinese Taipei's license plate tax ranges from under $100 for passenger vehicles with an engine displacement of 500cc or less, to over $5,500 for a passenger vehicle with an engine displacement between 6,601cc-7, 800cc. Most U.S.-built passenger vehicles pay between $400- $2,500.

Other Measures:
Local Content Requirement:

- Local vehicle manufacturers must meet a 50 percent local content requirement, including the mandatory local sourcing of certain components. The local content requirement is set to be lowered to 40 percent on January 1, 1999.
- *Note: Upon accession to the WTO, in conformance with the Agreement on Trade-Related Investment Measures, Chinese Taipei will eliminate its automotive local content requirements.*

Vehicle Leasing:

- Chinese Taipei has removed restrictions on foreign participation in the long-term vehicle leasing business. The modifications to relevant regulations are scheduled to be completed by December 30, 1998.

Trade Balancing Requirement:

- Japanese manufacturers located in Chinese Taipei are required to export to Japan 10 percent of the value of CKD vehicles imported from Japan.

Import Bans & Quotas:

- Import of used vehicles for other than personal use is prohibited.
- Import of diesel vehicles (except Jeeps) and two-stroke engine cars are prohibited.
- Prior to 1996, Japanese and Korean motor vehicles were banned from Chinese Taipei (except for passenger cars with an engine capacity of 3,000cc or more). As part of the WTO accession process, Chinese Taipei agreed to grant Japan and Korea pre-accession import quotas for motor vehicles. In 1996, Korea was granted an import quota of 7,000 units, with a growth rate of 10 percent per year (1997 quota was 7,700 units). In 1997, Japan was granted a pre-accession import quota of 7,700 units, also with a growth rate of 10 percent per year. All vehicles entering Chinese Taipei under the pre-accession quota pay a 30 percent import tariff.
- In addition, Chinese Taipei granted all local manufacturers a pre-accession import quota also known as the Global Quota. The global quota is 3,300 vehicles for each manufacturer/assembler. Of the 9 local motor vehicle manufacturers/assemblers in Chinese Taipei, 8 are Japanese. For Japan, this represented an additional quota allocation of 26,400 for 1997, with a 10 percent growth each year. All vehicles entering Chinese Taipei under the pre-accession global quota also pay a 30 percent import tariff.
- *Note: A Tariff-Rate Quota (TRQ) will be in place for ten years after accession. For countries enjoying access to the Taiwan Market before 1997, of which the United States*

has the largest share, the quota will be double the amount of their highest level of imports between 1990 and 1993.

HONG KONG- New Motor Vehicle Sales (in units)

	2000	2001	2002
Cars	26,900	26,589	24,628
Trucks	12,900	10,327	10,647

Source: Automotive News 2003 Market Data Book

Hong Kong:

There are no local content requirements, quantitative restrictions or import duties on motor vehicles. Cars must pass a strict emissions test. However, the Hong Kong standard is not as stringent as U.S. emissions regulations. Only right hand drive passenger cars are allowed. The exception is for buses and some commercial vehicles. Hong-Kong has an initial registration tax based on value. "Basic" cars valued below HK$ 30,000 are assessed a 90 percent tax; "Semi-luxury" cars valued between HK$ 30,000-HK$ 60,000 are assessed a 105 percent tax; "Luxury" cars valued over HK$ 60,000 are assessed a 120 percent tax. Registration taxes on commercial vehicle ranges from 15-90 percent.

JAPAN- New Motor Vehicle Production/Assembly (in units)

	2000	2001	2002
Cars	8,363,485	8,117,563	8,618,725
Trucks	1,833,039	1,679,893	1,618,725

Source: Automotive News Market Data Book

JAPAN- New Motor Vehicle Sales (in units)

	2000	2001	2002
Cars	4,260,412	4,290,034	4,441,593
Trucks	1,714,447	1,646,458	1,371,977

Source: Automotive News 2003 Market Data Book

<u>Japan</u>:

Tariffs:

- Import duties on motor vehicles have been waived indefinitely since 1978.

Taxes:

- Japan currently levies a 5 percent consumption tax on vehicles. This tax was increased from 3 percent in April of 1997.
- In addition to the consumption tax, there is an annual automobile tax which increases by engine size, ranging from 7,200 to 111,000 yen, and an acquisition tax for automobiles, 5 percent on automobiles for private use and 3 percent on mini vehicles and automobiles for business use.
- Japan maintains no local content requirements or quantitative restrictions.

Other Measures:

Domestic automobile dealers tend to have strong financial ties to Japanese vehicle manufacturers. Generally, this is not the case with import automobile dealers and foreign vehicle manufacturers. One-third of the franchised Japanese domestic automobile dealers in Japan have equity participation from vehicle manufacturers, whereas only 5 percent of franchised import automobile dealers have equity participation. Twenty-five percent of Japanese domestic auto dealers borrow short-term operating funds from vehicle manufacturers, and 40 percent have long-term debts with them. Import automobile dealers, however, are not indebted to foreign manufacturers except in a few rare cases. Although incentives are not supposed to be used to control automobile dealers, Japanese dealer financial performance often appears to depend on the scale of incentives they receive from vehicle manufacturers.

Until 1980, dealership contracts included a clause requiring exclusive dealer arrangements. A clause requiring advance consultation with some manufacturers before establishing new relationships existed through 1990. Current franchise agreements for Japanese vehicle manufacturers no longer have such clauses (which restrict dealers' legal rights to handle other manufacturers' motor vehicles), although very strong informal pressures remain.

CS Tokyo believes that this dealer issue was one of the old Framework Talks. U.S. Auto Big Three do not seem to care it any more since U.S. auto manufacturers' equity investments in Japanese car companies. We suggest that this issue should be eliminated. The U.S. Government remains disappointed with falling sales of North American-made vehicles and parts in Japan. Sales in Japan of motor vehicles produced in the United States continued to decline in 2002, with combined sales decreasing by 14 percent (year-on-year) following a decline of approximately17 percent the previous year. Today, American automakers sell less than a quarter as many U.S.-made vehicles in Japan as they did in 1995, when the five-year, bilateral U.S.-Japan Automotive Agreement was concluded. Access to Japan's automotive market continues to be inhibited by a variety of overly restrictive regulations, a lack of transparency in rule-making, and lackluster enforcement of antitrust laws. In recent years, Japan's lingering economic slump, limited market access, and weak competitive environment have disproportionately hurt foreign vehicle and auto parts manufacturers.

Further opening of the Japanese auto and auto parts markets remains an important objective of the United States. In order to address barriers in and improve U.S. companies' access to the domestic Japanese automotive market and Japanese auto plants in the United States, the United States and Japan established a new Automotive Consultative Group (ACG) on October 24, 2001. At its initial meeting, the group discussed trends in the industry based on a series of trade and economic data on autos and automotive parts provided by both countries and identified areas in which specific action can be taken by Japan to address U.S. concerns. This would include further deregulation (particularly with respect to the automotive parts aftermarket), increased transparency in rules and regulations governing this sector, and more rigorous application of Japanese competition laws.

KOREA- New Motor Vehicle Production/Assembly (in units)

	2000	2001	2002
Cars	2,602,008	2,463,858	2,651,273
Trucks	502,658	494,079	496,311

Source: Automotive News Market Data Book

KOREA- New Motor Vehicle Sales (in units)

	2000	2001	2002
Cars	1,099,100	1,040,389	1,239,776
Trucks	372,840	393,709	392,708

Source: Automotive News 2003 Market Data Book

Korea:

On October 20, 1998, Korea and the United States signed a Memorandum of Understanding Regarding Foreign Motor Vehicles in the Republic of Korea (1998 U.S.-Korea Auto MOU) to improve access for foreign motor vehicles in the Korean market. The MOU will result in changes to Korea's automotive trade regime as it is implemented. Those changes and their anticipated dates for implementation are described below.

Tariffs:

- Passenger vehicles are assessed an applied tariff rate of eight percent. This rate is now bound at eight percent as per the commitment made in the 1998 MOU. The applied tariff rate for commercial vehicles is ten percent.
- The applied tariff rate for most automotive parts and components is eight percent or lower.

Taxes:

- The taxes described below are calculated cumulatively, but several are applied as percentages of other automotive taxes. Due to the complexity of the multiple tax categories and rates and the methodology for calculating tax rates on various values of the vehicle, more detailed information than is contained in this report can be obtained from the Office of Automotive Affairs.
- The Korean Government imposes eight different taxes on passenger cars, which are assessed on the C.I.F. value of the vehicle plus the 8 percent tariff. Two of the remaining taxes are based on engine displacement. The Korean engine displacement taxes are currently applied such that a disproportionate financial burden falls on vehicles with larger engines (over 2,000cc).

Taxes Levied at the Purchase Stage:

- At the purchase stage, the following three taxes are levied: 1) *special consumption tax* (a percentage of the C.I.F. value of the vehicle plus duty), 2) *special excise education tax* (30% of the special consumption tax), and 3) a 10% *value added tax* (VAT – based on vehicle value, plus the special consumption tax and the education tax).
- The special consumption tax is based on engine displacement. On July 10, 1998, the Korean Government temporarily reduced the rates in each of the three engine displacement categories by 30 percent as follows:

	Prior to July 1998	Rates until *at least* July 2005
1,500cc and below	10%	7%
1,501cc-2,000cc	15%	10.5%
Over 2,000cc	20%	14%

- Under the 1998 MOU, the Korean Government committed to maintain this reduction of the special consumption tax until *at least* July of 2005.

Taxes Levied at the Registration Stage:

- At the registration stage, the Korean Government levies the following three taxes: 1) *acquisition tax* (2% of the retail price before VAT), 2) *registration tax* (5% of the retail price before VAT), 3) *subway bond or regional development bond* (based on engine displacement).

- The subway bond/regional development bond is another tax based on engine displacement. The engine displacement categories and rates are as follows:

	Subway Bond	Regional Development Bond	
Passenger vehicles:			
Below 800cc	N/A	1.5%	
800cc-999cc	4%	3%	
1,000cc-1,499cc	9%	6%	
1,500cc-1,999cc	12%	8%	
2,000 and over	20%	12%	
Sport utility vehicles:			
	5%	6%	(regardless of engine size)
Minivans *until January 2005*:	390,000 Won	3%	(regardless of engine size)

- In 2003, the Korean Government took steps to harmonize vehicle definitions for regulatory (safety/environmental) purposes, and for taxation purposes. Under the older definitions, 9 or 10 seat minivans were not considered passenger vehicles for taxation purposes, and were therefore taxed at a lower rate. Under the newly harmonized definitions, vehicles with ten or less seats are considered passenger cars for tax and regulatory purposes, unless they meet the criteria set defining trucks or cargo vehicles. Therefore, this step would have changed the classification of minivans with nine or ten seats to "passenger car", and subject them to higher levels of tax.

- However, in a 1998 exchange of letters, the Korean government committed not to tax 9/10 seat minivans as passenger cars (which would dramatically increase the tax on the vehicle) even in the event of reclassification of the vehicles as passenger cars. Therefore, the Korean government has given assurances that this new vehicle definition alignment will not impact the tax burden on 9/10 seat minivans.

Taxes Levied at the Ownership Stage:

- The Korean Government also assesses two taxes at the ownership stage: 1) *annual vehicle tax* (based on engine size), 2) *annual vehicle education tax* (30% of the annual vehicle tax)
- The annual vehicle tax is based on engine displacement. Under the 1998 MOU, the Korean Government reduced the annual vehicle tax rate for all vehicles with engine displacement of greater than 2,000 cc to a maximum of 220 Won per cc, reducing the number of steps from seven to five. The current rates are as follows:

Effective March 1999
Passenger vehicles and SUVs:

800cc and below	80 Won/cc
801cc-1,000cc	100 Won/cc
1,001cc-1,500cc	140 Won/cc
1,501cc-2,000cc	200 Won/cc
2,001cc and over	220 Won/cc

Minivans *until January 2005*: 65,000 Won

Other Measures:
Standards and Certification Procedures:

- Under the 1998 MOU, the Korean Government committed to implement a self-certification system for motor vehicle safety and environmental regulations. This system was put into effect on January 1, 2003. The U.S. government is closely monitoring the implementation of this new system to insure that it is enacted in a fair and transparent manner.
- The Korean Government has established a "standards experts" working group, which meets periodically throughout the year. This group provides a forum for foreign manufacturers to raise issues with the Korean government regarding safety and environmental regulatory activity.

Automotive Financing and Leasing:

- In December 1997, the Korean Government received funding from the IMF and other multilateral and bilateral sources intended for use in stabilizing its economy. The Korean Government has subsequently signed a series of letters of intent outlining its IMF-supported program of economic reforms. This program includes measures to restructure Korea's financial system in ways that will contribute to market opening and greater transparency in all industrial sectors in Korea, including the motor vehicle industry.
- Use of installment financing to stimulate imported motor vehicle sales remains limited, however, due to the inability of lenders to perfect their security interest per the Korean legal system.
- Under the 1998 MOU, the Korean Government will permit non-commercial motor vehicles to be subject to mortgages (similar to liens in the U.S.), and will take necessary measures to establish for mortgaged vehicles, efficient, expeditious and commercially reasonable foreclosure procedures to facilitate the recovery of financial losses in the event of default.

Bias Against Imported Products:

- Pervasive anti-import sentiments have limited marketing opportunities and intimidated potential customers of foreign vehicles in Korea.
- A perception is widely held by the Korean public that purchasing an imported passenger vehicle will risk subjecting them to public backlash and scrutiny by the Korean Government. This perception stems from the Korean Government's past support for campaigns and programs that discouraged the purchase of imported products. For

example, in December 1996 and early 1997, the National Tax Office (NTO) engaged in broad action directed at lessees of imported autos. Though withdrawn after complaints by foreign governments, the threat of tax audits for lessees of imported cars had a chilling effect on sales of imported vehicles.

- As a result of severe economic downturn, resurgence in early 1997 of frugality campaigns launched by civic organizations ostensibly to reduce conspicuous consumption and ameliorate Korea's trade deficit, frequently deteriorated into the fomenting of anti-import bias among the average consumer. While domestic sales declined generally during this period due to the economic downturn in Korea, imports of vehicles fell precipitously in great part as a result of this bias.
- Anti-import bias continues to be a periodic issue in the Korean automotive market.
- As part of its commitments in the 1998 MOU, the Korean Government will continue and reinvigorate efforts to address effectively and expeditiously such instances of anti-import activity and to preclude discrimination against foreign motor vehicles.
- The Korean Government has also committed to encourage publicly the equal treatment of foreign and domestic motor vehicles through such means as direct outreach to civic groups, in an attempt to improve the environment for sales of foreign motor vehicles.

SOUTHWEST ASIA

INDIA- New Motor Vehicle Production/Assembly (in units)

	2000	2001	2002
Cars	715,400	686,500	722,600
Trucks	126,102	137,343	137,327

Source: Automotive News Market Data Book

INDIA- New Motor Vehicle Sales (in units)

	2000	2001	2002
Cars	709,487	683,725	703,248
Trucks	153,119	130,185	163,227

Source: Automotive News 2003 Market Data Book

India:

Tariffs:

- **Basic Duty**: New motor vehicles (HS 8703) are assessed a basic customs duty of 25 percent of the value listed on the manufacturer's invoice if imported in a completely knocked down form. For motor vehicles in any other form (i.e., semi-knocked-down or completely built unit), the basic custom duty is 60 percent.
- **Additional Duty**: An additional duty of 24%, also known as the countervailing duty, is also applicable. Additional duty or CVD is equivalent to the excise duty on similar articles produced locally, and is levied on the C.I.F. value of the vehicle *plus* all other duties of custom other than antidumping duties.
- **Special Additional Duty (SAD)**: A 4% SAD is applicable in addition to basic and additional duties. It is levied on the aggregate of C.I.F. value of the vehicle *plus* all other duties (i.e., the basic duty, the additional duty, the antidumping/safeguard duty). In June 1998, the Government of India introduced the special additional duty of 4 percent. The SAD is approximately equal to the total incidence of local taxes, such as sales tax or VAT. Questions have arisen as to whether the SAD constitutes double taxation as each Indian state imposes its own sales tax as well.
- **National Calamity Duty**: An additional 1 percent National Calamity Contingent Duty of Customs (NCCD) is applicable; and it is compounded on the CIF value plus all other duties.
- The total effective duty on the import of CKD units works out to 62.8 percent, and that for SKD and CBU approximately 108.4 percent
- The basic customs duty on most auto parts is 25 percent.

- The Central Board of Excise and Customs ruled January 21, 1998, that CKD/SKD kits, which are taxed at the same rates as CBUs, are eligible for a credit for the full 40 percent additional duty as they are considered inputs for manufacture. However, if the kits contain all of seven essential parts, components or sub-assemblies (engine, gear box, chassis, transmission, body/cab, suspension system, front/rear axles), the kits treated as finished motor vehicle for purpose of assessing customs duties.
- India's auto tariffs are not bound in the WTO.
  (Please refer: www.cbec.gov.in, chapter 87)

- Certain importers are eligible to import vehicles without a license, but on a foreign exchange neutrality basis, meaning that no foreign exchange is permitted to leave India to finance the import. Categories of eligible importers include:

  Persons settling permanently in India
  Foreign nationals married to Indian nationals
  Foreign nationals working in India
  Foreign firms, companies and institutions established in India
  Companies incorporated in India having foreign equity
  Journalists/correspondents of foreign news agencies
  Indian firms executing contracts abroad
  Charitable and missionary institutions
  Physically handicapped persons
  Honorary consuls of foreign governments

- The Government of India prescribes the requirements and conditions under which the eligible importers listed above may bring vehicles into India. Please refer to the following web site for additional information:
http://konark.ncst.ernet.in/customs/Car.htm

- For more information on the Indian automotive industry, please see this India auto paper.

NEPAL

Nepal: An import license is required. The import duty on mini-buses and public carriers is levied at around 154 percent (70 percent regular customs duty, 55 percent additional duty and 20 percent sales tax). The import duty on other vehicles is 201 percent (70 percent regular customs duty 55 percent additional duty and 20 percent sales tax).

PAKISTAN- New Motor Vehicle Production/Assembly (in units)

	2000	2001	2002
Cars	56,000	62,000	68,000
Trucks	16,192	14.411	7,819

Source: Automotive News Market Data Book

PAKISTAN- New Motor Vehicle Sales (in units)

	2000	2001	2002
Cars	52,000	60,000	66,500
Trucks	27,931	22,142	16,306

Source: Automotive News 2003 Market Data Book

Pakistan:

Customs Duties

Following is the schedule of customs duties, assessed on the C&F value of new vehicle imports:

Passenger Cars:	Type	Customs Duty
(Including station wagons and 4X4):		
	Up to 1000cc	75%
	1,001-1,500cc	100%
	1501-1800cc	125%
	Other	200%
Commercial Vehicles:	(Buses, vans and Coaches Transporting 10 or more passengers)	20%
Completely Knocked Down: Kits (CKDs)	All	35%
Completely Built Units **(CBUs):**	**All**	**35%**

Taxes

- A 15% General Sales Tax (a VAT tax), is assessed on all motor vehicles (personal, commercial, CKDs, and CBUs.

Other Measures

Vintage Vehicles as Personal Gifts and Baggage:

- Pakistan permits the importation of motor vehicles as a personal gift, or as personal baggage accompanying a returning Pakistani after a residence abroad. The schedule of duties is listed in Appendix G of the Import Trade and Procedure Order, 2002-2003 (www.paksearch.com).

Exemption from Customs Duties:

- The Government of Pakistan exempts custom duty on the import of certain categories of motor vehicles by diplomats, tour operators/travel agents and privileged organization/offices/agencies as defined under Customs Rules and Procedures 2002-2003 (www.paksearch.com).

Prohibited Import Items:

- HS Code Description

8710.0000 Tanks and other armored fighting vehicles, motorized, whether or not fitted with weapons, and parts of such vehicles.

Investment Measures:

- On a case-by-case basis, with the permission of the Government of Pakistan, organizations engaged in infrastructure projects such as petroleum, gas, refinery, CNG, LPG, energy conservation, environment and safety control are exempt from duties and taxes on vehicles not manufactured locally.

Local Content Requirements:

- Pakistani companies that manufacture automobiles must comply with local content requirements. Within a specified time period the Pakistani plant must adhere to a specific local content ratio on the production line. The local content requirements vary for different types of vehicles and are determined by the Engineering Development Board of Pakistan (EDB). Further information may be obtained on EDB's website: http://www.engineeringindustry.info.

Safety and Emissions Standards and Certification Procedures:

- Pakistan does not have regulations concerning automobile safety and emissions standards and certification procedures. All U.S. and European vehicle specifications are accepted.

SRI LANKA- New Motor Vehicle Sales (in units)

	2000	2001
Personal Use Vehicles	1,833	1,228
Commercial Use Vehicles	2,105	1,447

Source: Auto Strategies International Inc.

Sri Lanka:

Tariffs:

- According to Chapter VI of the 2001 Sri Lanka Country Commercial Guide, Motorcars are subject to a 25 percent import tariff. There is an additional excise duty, which is currently set at 15 percent for petrol cars and 65 percent for diesel cars. Other taxes include a 6.5 percent national security levy, a 12.5 percent Goods and service tax which is a value-added tax and an excise tax on cigarettes, liquor, petrol and motor vehicles. All taxes are also charged on locally manufactured goods.

Taxes:

- Sri Lanka also assesses a 20 percent turnover tax, charged on the CIF value plus import duty.
- On diesel vehicles there is also a 50 percent of C.I.F. excise tax.

Other Measures:

- No import licenses are required, however vehicles should be less than 3 years old (5 years for commercial vehicles) from the date of manufacture and equipped with right-hand drive.
- Imports for diplomatic missions are duty-free.
- Senior public servants including doctors, engineers, lawyers and senior administrators are allowed to import a motor vehicle at 25 percent import duty. This concession is available to this group once every five years. They also get a partial waiver on the turnover and excise taxes.

ASEAN

Nine countries currently form the membership of the Association of South East Asian Nations (ASEAN). These countries include Brunei Darussalam, Cambodia, Indonesia, Laos, Malaysia, Myanmar (Burma), the Philippines, Singapore, Thailand and Vietnam. The founding ASEAN economies, including the Philippines, Indonesia, Malaysia and Thailand aspire to achieve an ASEAN Free Trade Area (AFTA) by 2003, under which all internal tariffs on manufactured products are supposed to be lowered to 0-5 percent, as applied by the common effective preferential tariff (CEPT). However, within the automotive sector, Malaysia was given an extension for ASEAN free trade area (AFTA) until 2008. In order to receive AFTA benefits, goods must meet a 40% ASEAN regional value content standard.

The main trade scheme in ASEAN that has an impact on automotive trade within the region is the AICO (ASEAN Industrial Cooperation) established in November 1996. Under the AICO scheme, approved companies are eligible to benefit immediately from the AFTA 0-5% preferential tariff rate, for trade in approved items. In the automotive sector this applies to completed vehicles, parts, half-finished goods and material. In order to qualify, products must have 40 percent ASEAN content and demonstrate resource sharing between participating companies.

The AICO program was originally slated to expire upon full implementation of the AFTA in 2003. However, there is currently discussion underway about maintaining or modifying the AICO scheme to continue on into the future.

The AFTA has created a tighter market and affected price competition within the ASEAN region. Nonetheless, many outlying issues have been left unresolved in the ASEAN region including tax, tariff and transparency issues. On a more positive note, the majority of ASEAN economies have recovered from the 1996-1997 Asian Economic Crisis, and ASEAN automotive markets have largely returned to pre-crisis levels.

BURMA- New Motor Vehicle Production/Assembly (in units)

	2000	2001	2002
Cars	-	-	-
Trucks	100	100	100

Source: Automotive News Market Data Book

BURMA- New Motor Vehicle Sales (in units)

	2000	2001	2002
Cars	24,800	26,300	28,400
Trucks	539	659	581

Source: Automotive News 2003 Market Data Book

Burma:

Though there was never any official notification, since July 1996 the Ministry of Commerce has had a policy not to issue import licenses for vehicles. However, until late-2002/early-2003, the Ministry continued to allow imports on a case-by-case basis for personnel from the Ministry of Commerce, the Union Solidarity and Development Association (the primary sub-national government organization), and to war veterans associations. Though there is no law giving it the authority to do so, currently, only the Trade Policy Council, headed by the regime's number two Vice Senior General Maung Aye, can grant an import licenses – which it does on occasion to favored cronies.

For those cars that are legally imported, customs duties ranging from 1-40 percent are levied depending on the type of vehicle (e.g. 1 percent for Ambulances, 30 percent for the vehicles between 1500 cc and 2500 cc, and 40 percent for the vehicles between 2500 cc and 3000 cc.) Since 2002, the assessment of customs duties for vehicle has been based on market value of the vehicle and there is no special exchange rate.

Exceptions to the de facto import ban are made for:

(a) Foreign investment companies and joint ventures with government organizations with official recommendation from the Myanmar Foreign Investment Commission.
(b) Diplomats of foreign missions.
(c) Anyone with special import permission from the Trade Policy Council.

Preexisting regulations allow the import of only certain vehicles, including:

(a) Passenger buses with a capacity of 24 passengers and more, trucks of three tons and above, and heavy-duty vehicles for business use. None may be older than seven years.
(b) Pick-up type (inclusive of mini-truck below 3 tons) and mini-buses with the capacity of the carrying 8 passengers and more. These must have been manufactured during the past five years.
(c) Saloon cars, sedans, vans, and mini-buses to be utilized for trade. None may be older than three years.

Used Vehicle Bans:

The import of used parts is currently banned. To import used vehicles the vehicles must meet safety requirements and only after the following six conditions have been met: tested engine; replaced necessary parts; overhaul of breaks, repaired to met safety standards; the vehicle body must be in perfect condition; cleaned interior; new battery and tires; and inspection must be done by an authorized agency.

In reality, the government's implementation of its used car policy is very weak. Authorities are not strict about safety standards and there are many cases of uninspected used cars and motorbikes smuggled from China.

INDONESIA- New Motor Vehicle Production/Assembly (in units)

	2000	2001	2002
Cars	39,500	33,900	25,200
Trucks	198,102	39,500	317,269

Source: Automotive News Market Data Book

INDONESIA- New Motor Vehicle Sales (in units)

	2000	2001	2002
Cars	46,694	37,451	27,228
Trucks	154,242	297,116	290,379

Source: Automotive News 2003 Market Data Book

Indonesia:

Tariffs:
Motor Vehicles:

In July of 1999 Indonesia introduced a new automotive policy. This new policy was introduced in order to bring Indonesia into compliance with the World Trade Organization Agreement on Trade Related Investment Measures (TRIMs) and to comply with the terms of the IMF Agreement granting $43 billion in aid to Indonesia.

Under the new policy, Indonesia removed all support for the National Car Program, and removed all local content requirements. Tariff rates were also significantly lowered for most automotive products. Import duty and luxury tax rates are now based on engine size, with lower rates applied to vehicles with smaller sized engines. Also, lower duty rates are applied to CKDs verses CBUs for the same vehicle categories.

Taxes:

- In addition to the duty and luxury tax, Indonesia applies a 10 percent Value Added Tax (VAT).

- On December 22, 2000, the GOI increased luxury sales taxes on 41 kinds of products, which include automobiles. Through the Government Regulation No.145/2000, the GOI increased the luxury tax on 4,000cc sedans and 4x4 Jeeps or vans from 50 percent to 75 percent. Also, the luxury tax on automobiles with engine capacity between 1,500cc and 3,000cc was increased from 15 percent to 20 percent.

- Jakarta City Vehicle Tax:

In order to boost city revenues, the Jakarta City Administration recently increased vehicle taxes between 0.34 percent and 22.47 percent. The new tax rates took effect on April 25, 2001, following the issuance of Governor Decree No.33/2001 on Vehicle Taxes and Change of Vehicle Ownership Taxes.

The new decree stipulates that vehicle taxes are calculated based on vehicles= selling prices, regardless of their engine capacities, as was the case in the old decree. The vehicle selling prices are determined by the Governor and subject to annual adjustments in accordance with the market prices. Previously, vehicle taxes were set at 1.5 percent of their selling prices, with engine capacities being taken into account.

The tax increase brings the rate for trucks to 22.47 percent, followed by the tax on sedans (14.87 percent), on jeeps (14.27 percent), on motorcycles (8.12 percent), on dump trucks and tank trucks (6.85 percent), on minibuses (5.14 percent), and on heavy equipment (0.34 percent). Other vehicles such as station wagons, three wheelers, and minivans are excluded from the tax increase.

Other Measures:

Local Content Requirements:

- With the implementation of the automotive policy in 1999, Indonesia removed all local content requirements.

Import Bans and Quotas:

- Used vehicle and automotive part imports are prohibited.

Investment Requirements:

- Under the Government Regulation No.20/1994 and the Presidential Decree No.31/1995, foreign investors are allowed to acquire 100 percent ownership of their investment in Indonesia and the automotive sector is open for foreign direct investment.

- The minimum capital requirement for foreign investment has been eliminated.

- Under the decrees of the Ministry of Finance No.297/1997 jo., No.545/1997 and No.546/1997, the GOI exempts importation of capital equipment, which includes production machinery and raw materials, from import duties.

- Investment procedures have been substantially simplified. Foreign investment's application with a value of more than $100 million, which formerly needed the President's approval, is now subject only to the approval of the Investment Coordinating Board (BKPM). Moreover, the BKPM is currently making necessary preparations to grant more authority to the Local Government Authority to issue investment licenses.

- The tax holiday is a new incentive for investors in 22 kinds of manufacturing activities. The basic period of enjoying the tax holiday is 3 years for Java and Bali. The 3-year incentive can be extended up to 12 years if certain requirements are met.

Distribution

- The GOI requires foreign automakers to be represented by a single exclusive agent throughout Indonesia. However, the new automotive policy allows any imported vehicles to be imported by companies other than the exclusive agent. The exclusive agent remains the sole authorized dealer and the only party who can operate maker-authorized repair services. Consequently, some exclusive agents are now advertising that they are not responsible for performing warranty services on vehicles they did not import.

MALAYSIA- New Motor Vehicle Production/Assembly (in units)

	2000	2001	2002
Cars	350,100	355,863	380,050
Trucks	41,620	55,208	66,554

Source: Automotive News Market Data Book

MALAYSIA- New Motor Vehicle Sales (in units)

	2000	2001	2002
Cars	318,700	335,377	375,358
Trucks	42,637	52,168	59,521

Source: Automotive News 2003 Market Data Book

Malaysia:

Tariffs:
Motor Vehicles:

- The import duty for passenger cars is between 140-300 percent, based on engine displacement. (New Diesel cars (CBUs) are charged a rate of 120 percent, while used diesel cars are charged the same rates as gasoline engine vehicles [chart below]).

Passenger Cars

	CBU	**CKD**
Engine Capacity (cc)		
Less than 1,800	140%	42%
1,800 - 1,999	170%	42%
2,000 - 2,499	200%	60%
2,500 - 2,999	250%	70%
3,000 and above	300%	80%

- The import duty for 4WD and MPVs ranges from 60-180 percent.

4WD and MPVs

	CBU	**CKD**
Engine Capacity (cc)		
Less than 1,800	60%	10%
1,800 - 1,999	80%	20%
2,000 - 2,499	150%	30%
2,500 - 2,999	180%	40%
3,000 and above	200%	40%

Vans

- The import duty for vans ranges from 42-140 percent

	CBU	CKD
Engine Capacity (cc)		
Less than 1,800	42%	5%
1,800 – 1,999	55%	10%
2,000 – 2,499	100%	30%
2,500 – 2,999	125%	40%
3,000 and above	140%	40%

Commercial Vehicles

CBU	CKD
30%	Nil

Automotive Parts and Components:

- The import duty for auto parts and components ranges from 0-42 percent.
- The import duty for National Cars (Proton and Perodua are the two national vehicles) CKDs is 13 percent.

Taxes:

- A 10 percent sales tax on all vehicles is assessed.
- An excise tax on passenger cars is assessed on a graduated schedule:

First RM 7,000 x 25%
Next RM 3,000 x 30%
Next RM 3,000 x 35%
Next RM 7,000 x 50%
Next RM 5,000 x 60%
Balance x 65%

- There is a 45 percent excise tax on MPVs and 4WD vehicles.
- There is a 30% excise tax for vans
- No excise tax for commercial vehicles
- National cars receive a 50 percent reduction in the excise tax.
- A road tax of 0.13 to 3.6 ringgits is assessed, based on engine displacement.

Other Measures:
National Car Policy:

- The Malaysian government heavily influences the activities of the domestic automotive manufacturers/assemblers. Malaysia has developed the automotive sector to help reduce the effects of volatile changes in rubber and palm oil prices on its economy, avoid having a huge trade deficit, and as a platform for economic development. Malaysia believes that a strong motor industry brings employment, technology and prestige.

- There are 23 vehicle assembly companies in Malaysia, but Proton and Perodua, Malaysia's National Car companies dominate the market. Combined, the two maintain over 90 percent market share in Malaysia.
- Loans for vehicles valued RM40, 000 and below require a 15 percent down payment and a seven-year maximum repayment period. Above RM40, 000, the down payment is 30 percent with a seven-year maximum repayment period. All non-national cars on the market are currently selling above RM 50,000.
- The national cars (Proton and Perodua) are granted a 50 percent reduction in excise taxes (not available to foreign manufacturers). Protons typically sell for half the price of import equivalents.
- National cars (Proton and Perodua) are assessed an import duty of 13 percent for CKDs versus 42 percent for other CKDs.

Import Bans and Quotas:

- An approval permit (license) is required for imports of motor vehicles, which limits importers total market volume for completely built-up units (CBUs), effectively acting as an import quota. Currently CBU imports make up less than five percent of the market.
- Malaysia maintains an import ban on motor vehicles (and all other products) from Israel.

Trade Related Investment Measures (TRIMs)

- Under the World Trade Organization's TRIMs Agreement, Malaysia was required to remove local content requirements measures by January 1, 2000 unless additional time was granted by the WTO. On December 29, 1999, Malaysia made a formal request for an additional two years to bring these measures into compliance with its obligations under the Agreement.
- Under an agreement worked out with United States, Malaysia agreed to phase out its local content program by December 31, 2003. To date, Malaysia has complied with the phase out schedule. The United States will continue to monitor this situation until the process is completed.

ASEAN Free Trade Area (AFTA):

- Under AFTA, all internal tariffs on manufactured products are supposed to be lowered to 0-5 percent, as applied by the common effective preferential tariff (CEPT). However, within the automotive sector, Malaysia was given an extension for AFTA until 2008.
- Some reports state that the Government of Malaysia will make a series of tariff cuts on CKDs starting in 2004 until they reach the 5 percent AFTA rate in 2005. While other sources report that the Malaysian tariff rates for ASEAN cars will decrease to 20 percent by 2005 and by 2008 rates will drop to 5 percent.

- Recent reports have shown that the Government of Malaysia may impose new excise taxes on imported vehicles as tariff rates are reduced.

Investment Requirements:

- Foreign investors may retain up to 100 percent equity if the firm either exports 50 percent of its output or employs 350 Malaysians full-time.
- Malaysian companies must be 30 percent Bumiputra (native Malay) owned.

PHILIPPINES- New Motor Vehicle Production/Assembly (in units)

	2000	2001	2002
Cars	20,600	18,700	23,700
Trucks	41,590	42,427	48,900

Source: Automotive News Market Data Book

PHILIPPINES- New Motor Vehicle Sales (in units)

	2000	2001	2002
Cars	28,509	23,123	21,728
Trucks	46,731	54,809	63,859

Source: Automotive News 2003 Market Data Book

<u>Philippines</u>:

Tariffs:

- The Philippines has announced an intention to lower MFN tariff rates for automobiles in 2004.

MFN Rates

CBU

	2002	2003
Passenger Cars (8703)	30	30
Commercial Vehicles Motor vehicle for the transport of 10 or more persons (8702) Motor vehicle for the transport of goods (8704)	 15/20 20/30	 15/20 20/30
Motorcycles (8711.9010)	30	30

CKD (Tariff Line for the Participants of the Motor Vehicle Development. Program)

	2002	2003
Passenger Cars (8703.9010)	10	10
Commercial Vehicles*		
Motor vehicle for the transport of 10 or more persons (8702.9010)	3	3
Motor vehicle for the transport of goods (8704.9010)	3	3
Motorcycles (8711.9010)	3	3

(* As amended by E.O. 11 issued on 17 April 2001)

CEPT Rates (for qualifying products from AFTA partners)

CBU

	2002	2003
Passenger Cars (8703)	20	5
Commercial Vehicles		
Motor vehicle for the transport of 10 or more persons (8702)	15/20	5
Motor vehicle for the transport of goods (8704)	20	5
Motorcycles (8711.9010)	20	5

CKD

	2002	2003
Passenger Cars (8703.9010)	7	3
Commercial Vehicles		
Motor vehicle for the transport of 10 or more persons (8702.9010)	3	3
Motor vehicle for the transport of goods (8704.9010)	3	3
Motorcycles (8711.9010)	3	3

Taxes:

Automobiles in the Philippines are subject to an excise tax. However, the excise tax system in the Philippines has recently been modified and reformed. In August 2003, the Philippine Senate passed its final version of an automotive excise tax bill that taxes vehicles by car value rather than engine size. While some discrepancies did exist between the Senate and the House versions of the excise tax bill, the Philippine Congress was able to consolidate the two versions of the bill, thus resulting in a compromise that favored lower tax rates. The consolidation of the two bills was accomplished by the work done within the Bicameral Conference Committee, which approved the committee report that contains the automotive excise tax rate.

The final version of the bicameral report is still pending until all committee members sign. The bill should be ratified by congress and signed into law by the President by

September 2003. Under the new legislation, all vehicles, including the Asian Utility Vehicles (AUVs), would be subject to an excise tax. It is important to note that under the prior system, vehicles that were previously tax exempt by meeting certain seating requirements, such as the ten-seat rule, could be classified as AUVs and avoid excise tax.

- The approved tax rates are as follows: for vehicles with a manufacturer's price of PHP600,000 and below, the tax is two percent; those priced over PHP600,000 to PHP1.1million, the tax will be PHP12,000 plus 20 percent of the amount in excess of PHP600,000; those priced over PHP1.1 million to PHP2.1 million, the tax will be PHP112,000 plus 40 percent of the amount in excess of PHP1.1 million; and those over PHP2.1 million , the tax will be in PHP512,000 plus 60 percent of the amount in excess of PHP2.1 million.

- A 10 percent VAT tax is assessed on all vehicles and automotive components sold in the domestic market.

Other Measures:

- Importation of the following automotive parts is regulated by the Bureau of Import Services (an agency under the Department of Trade and Industry), which requires clearances/permits prior to importation:

Dashboards	Grilles	Plate racket	Mudguards
Doors	Hoods	Visors	Floor Boards
Fendes	Luggage compartments	Radiato cowlings	Floor mats (other than of textile material/rubber)
Ext. luggage racks	Running boards	Trunks/trunk lids	

- The importation of bodies (including cabs and body shell) and chassis fitted with engines for vehicles weighing below 6 tons is not allowed.

Motor Vehicle Development Program:

- The Philippine Car Development Program (CDP) introduced in 1987 was developed to increase the exports of automotive parts to enable the Philippine economy to support a viable local components industry. In addition there is a similar Commercial Vehicle Development Program, and a Motorcycle Development Program. These programs mandate certain levels of local content usage for manufacturers (based on vehicle type) and require foreign exchange balancing. In return manufactures are granted tariff reduction benefits.

- The local content usage and foreign exchange balancing requirements are contrary to the terms of the World Trade Organization Agreement on Trade Related Investment Measures. It is important to note that no phase-down requirement exists for the foreign exchange balancing elements, and the foreign exchange balancing measures will be eliminated by July 1, 2003.

SINGAPORE- New Motor Vehicle Sales (in units)

	2000	2001	2002
Cars	57,331	64,132	59,544
Trucks	17,246	13,766	9,284

Source: Automotive News 2003 Market Data Book

Singapore:

Tariffs:
Singapore does not apply any tariffs to vehicles or components.

Taxes:
The excise tax on all vehicles is 31 percent.
Registration fee: $140 Sing dollars

- Additional Registration fee: 140 percent of vehicle's market value
- Singapore levies a road tax on vehicles, which is based on engine displacement. There are five categories for this tax: less than or equal to 600cc, 601cc - 1000cc, 1001cc - 1600cc, 1601cc - 3000cc and above 3000cc. Tax is determined by a graduated formula, with larger engine sizes charged a higher tax rate (for additional details, see the Singapore Land Transport Authority's web page at www.onemotoring.com.sg)
- Singapore employs a system to refund a portion of the additional registration fee upon the trade in of a used car for a new vehicle. However, the amount of the refund is graduated, significantly discouraging the trade in of used cars over five years in age.

Other Measures:

- In 2002, the U.S. – Singapore signed a Free Trade Agreement (FTA). The most important impact on Automotive Trade was a guarantee by Singapore to comply with WTO customs valuation procedures.

Domestic Quotas:

- The government of Singapore established the Vehicle Quota System in 1990 to restrict the growth of the vehicle population. Under the system, the Land Transport Authority, part of the Ministry of Communications, pre-determines the number of cars that it will register for the year. This number is based on the number from the previous year plus 3%, added to the number of cars that are expected to be scrapped. For example, in 2002, slightly over 26,000 cars were registered.

- Under the Vehicle Quota System, each person who wants to purchase a car must also purchase a Certificate of Entitlement (COE). Each citizen can either submit the bid for him/herself or ask a car dealer to submit the bid. Certificates are awarded each month to the highest bidders. Currently, certificates are selling for roughly $20,600 Singapore dollars. More information on this process can be found at www.lta.gov.sg. The price has been known to go as high as $60,000, clearly indicating that demand outstrips supply.

Miscellaneous:

- Left hand drive vehicles may not be registered in Singapore.
- The combination of COE premiums, duties, fees and taxes add significant costs to vehicles, resulting in a C.I.F. price of $10,000 growing to over $70,000 at retail.
- 90 percent of passenger cars use manual gearshifts.
- Singapore requires vehicles to have dual independent brake systems.

THAILAND- New Motor Vehicle Production/Assembly (in units)

	2000	2001	2002
Cars	84,900	138,700	145,000
Trucks	265,900	291,710	395,071

Source: Automotive News Market Data Book

THAILAND- New Motor Vehicle Sales (in units)

	2000	2001	2002
Cars	80,700	100,884	128,583
Trucks	222,711	181,788	283,009

Source: Automotive News 2003 Market Data Book

Thailand:

Tariffs:
Motor Vehicles:
As a result of the economic crisis, on October 14, 1997, the government temporarily raised the tariff on imported cars and sport utility vehicles. These "temporary" increases are still in place. In addition, Thailand increased CKD duties in January of 2000 when it removed its local content requirements. Effective January 1, 2000, the Royal Thai Government raised tariff rate on CKDs from 20 percent to 33 percent. It is important to note that the tax rates still favor pick-up trucks.

- Passenger cars are assessed an 80 percent import duty.
- Pick-ups are assessed a 60 percent import duty.
- Heavy-duty trucks and buses are assessed a 40 percent import duty.
- Previously, Thailand Customs did not use CIF value for imported vehicles, to prevent loss of revenue through under-invoicing. Instead, it established a "check price" for various imports, which is established as the value of the first imported model. Although

Thailand has modified its Customs procedures to comply with WTO obligations, it is unclear if all problems with Customs valuation have been resolved.

Automotive Parts and Components:

- CKD kits (passenger cars, pickups and sport utility vehicles) are assessed a 33 percent import duty.
- Vehicle components which are not brought in as CKD material (i.e. service parts/missing/damaged parts) are subject to 5 - 42 percent duties
- The maximum tariff on raw materials is 23.5 percent, with the overall average of less than 20 percent.

Taxes:
Thailand applies a cascading tax system, which dramatically increases the price of vehicles. For imported passenger cars with engines over 3,000 cc in size, the final price can be as high as four times the original price. As the tariff rate is included in the base price for tax calculations, imported vehicles are taxed at a higher rate than domestically produced vehicles.

The excise tax is computed under the following formula:

<u>Vehicle Price (including tariff) x Excise Tax Rate</u>
1 - (1.1 x 35) for passenger cars

- The municipal tax is 10% of the amount of the excise tax.
- The VAT is 7% or 10% (depending on engine size) times the price including tariff, excise tax and municipal tax.

Other Measures:
Local Content Requirements:

- Thailand removed all local content requirements on December 31, 1999 to comply with the WTO TRIMs Agreement.

Import Bans:

- Ban on used vehicles
- Ban on buses with 30 seats and over.

VIETNAM- New Motor Vehicle Production/Assembly (in units)

	2000	2001	2002
Cars	3,664	4,100	4,800
Trucks	2,800	3,500	40,133

Source: Automotive News Market Data Book

VIETNAM- New Motor Vehicle Sales (in units)

	2000	2001	2002
Cars	8,700	9,600	10,400
Trucks	8,178	6,549	8,980

Source: Automotive News 2003 Market Data Book

<u>Vietnam</u>:
In February 1994, the U.S. lifted its trade embargo against Vietnam, and in July 1995, the U.S. restored full diplomatic relations. The U.S. and Vietnam signed a bilateral trade agreement (BTA) in 2000.

Tariffs:
Motor Vehicles:

- Passenger cars: we have conflicting information on whether the import duty is 100 or 200 percent.
- Minivans are assessed an import duty of 150 percent.
- Commercial vehicles are assessed an import duty of between 120-160 percent.
- The government routinely allows foreign companies to import vehicles duty-free for corporate use.

Automotive Parts and Components:

- CKDs are assessed a 20-50 percent import duty, but the government may impose an annual quota for kit imports (1996 quota was 3,500 for CBUs and CKDs). We have conflicting information on whether the lower end of the range is 7 or 20 percent.

Taxes:

- The following tax rates apply:

- Automobiles with less than 5 seats:	100 percent
- automobiles with 6 to 15 seats:	60 percent
- Automobiles with 16 to 24 seats:	30 percent

- Beginning in January 1999, all domestically produced vehicles will be subject to a special consumption tax. This tax will range from 30 to 100 percent. Reductions in the tax will be offered if manufacturers face losses after 5 years.

Other Measures:
Local Content Requirements:

- In late 1994, the Vietnamese government introduced a rule requiring any foreign applicant to commit to making 60 percent of vehicle parts locally, in an apparent effort to expand its indigenous automotive components production, which is currently rather limited (i.e., batteries and floor mats).

- Five percent of the value of CKDs must be localized after 5 years, and 30 percent by the tenth year. Although the supplier base in Vietnam is limited, it is expected that the government will force assemblers to conform to local content requirements.

Prohibitions:

- Beginning in 1998, Vietnam has a prohibition on the importation of used passenger vehicles.

OCEANIA

AUSTRALIA- New Motor Vehicle Production/Assembly (in units)

	2000	2001	2002
Cars	292,500	306,000	305,120
Trucks	24,312	26,838	37,780

Source: Automotive News Market Data Book

AUSTRALIA- New Motor Vehicle Sales (in units)

	2000	2001	2002
Cars	553,246	522,765	540,240
Trucks	231,639	238,375	284,069

Source: Automotive News 2003 Market Data Book

AUSTRALIA:

The Australian government maintains web pages regarding motor vehicle import procedures and requirements at: http://www.dotars.gov.au/transreg/str_imp-cert.htm, http://www.customs.gov.au/site/index.cfm?nav_id=670&area_id=5, and at http://www.customs.gov.au/resources/Files/Mvguide3.pdf. The following summarizes significant aspects of Australia's regulations and requirements.

Tariffs:

- New and used passenger motor vehicles, campervans/mobile homes, and their components presently are subject to a 15 percent customs duty. On January 1, 2005, the rate will be reduced to 10 percent. A further reduction to 5 percent is scheduled to commence the first day of 2010.
- New and used commercial and all-wheel drive vehicles and their components are assessed an import duty of 5 percent. Further reductions are not scheduled.
- Used passenger vehicles more than 30 years old are exempt from customs duties.
- Import duty is collected on the vehicle's "customs" value as determined by Australian Customs Service. Generally, ACS includes all arms-length expenditures to acquire ownership/title to the vehicle in a foreign country. However, international shipping and related insurance costs are not included. Alternative valuation methods may be employed at the discretion of ACS.
- A Free Trade Agreement between Australia and the United States is now under negotiation. It may result in the eventual elimination of all customs duties on eligible vehicles.

Import Tax:

- Used vehicles imports also are subject to a specific additional charge of $12,000 Australian, unless a wavier is granted for approved "specialty or enthusiast" vehicles (a.k.a. "collector cars").
- Used vehicles imported for personal use, or models that do not compete with locally assembled vehicles, and for which fewer than 25 units are to be imported annually, usually are exempt.

Taxes:

- A 10 percent federal goods and service tax (GST) is levied on the assessed value of all imported new and used vehicles, inclusive both of applicable customs duties and international freight and insurance charges.
- Passenger vehicles designed to carry a load of less than two metric tons and fewer than nine passengers are subject to a 25 percent federal luxury car tax (LCT). To establish the taxable basis, compute the sum of the following: ACS derived value of the import, international shipping and insurance charges, applicable Customs duties, and GST. A tax of 25 percent is collected on ninety-one percent of any amount of that sum above the taxable threshold, currently $57,009 Australian.
- Note: Australian-assembled vehicles are also subject to the GST and LCT, but have no Customs duty included in their taxable basis.

Other Measures:

Prior Approval:

- Importers must submit a formal request for "Import Approval" to the Department of Transport's Vehicle Safety Standards Branch prior to a vehicle's entry into Australian territory. Payment of $50 Australian fee must accompany each application, which may included multiple vehicles of the same model.

Duty Wavier:

- Until 2005, local vehicle assemblers may claim an import duty credit equal to 25 percent of the value of their production of motor vehicles, engines and engine components, multiplied by the relevant tariff rate, plus10 percent of the value of new investment in plant and equipment. Local component producers may claim a credit equal to 25 percent of the value of their investment in plant and equipment and of 45 percent of the value of investment in R&D. The total value any firm may claim in any year is limited to 5 percent of its total local sales. The credits may be applied by the firm--or traded to other importers--as payment of customs duty on vehicles or components they import. This program is to be reduced beginning in 2006 and terminated in 2015.

Vehicle Safety and Emissions Requirements:

- All imported vehicles less than 15 years old must be modified to comply with Australian Design Rules (ADR) regarding safety, emissions and anti-theft measures. If import volume exceeds 100 new vehicles per year, destructive testing (e.g., crash test) may be required.

- The ADR requires that with only a few exceptions, left-hand drive vehicles, regardless of the scheme under which imported, must be converted to right-hand drive prior to licensing for road use.
- Beginning May 3, 2003, up to 100 examples of specific vehicle models listed on the "Register of Specialist and Enthusiast Vehicles"(see: http://www.dotars.gov.au/raws/) may be imported by Registered Automotive Workshops (RAWs) without being subject to the full requirements of the ADR. Australian residents must contract with a RAW, or become one in order to import registry-listed vehicles.
- Vehicles 15 years or older may be imported without regard for the ADR. An "Import Approval" application and payment of applicable duties and taxes are required. To be licensed for use on public roads, the vehicle must meet the safety regulations of the state or territory in which it will be registered.
- A "Personal Import" program allows one vehicle per year to be imported by an individual of legal driving age without proof that it meets the ADR, provided that the vehicle has been owned and used abroad by the import applicant for a continuous period of at least 12 months. The applicant must be either an Australian citizen or permanent resident, or must have applied for either status.

NEW ZEALAND- New Motor Vehicle Assembly (in units)

	2000	2001
Car	0	0
Truck & Bus	8,186	8,418

Source: Auto Strategies International Inc.

NEW ZEALAND- New Motor Vehicle Sales (in units)

	2000	2001	2002
Cars	61,070	58,162	64,085
Trucks	14,299	17,260	19,657

Source: Automotive News 2003 Market Data Book

New Zealand:

The Government of New Zealand maintains a web site providing complete information on import entry requirements for motor vehicles at: http://www.ltsa.govt.nz/importing/index.html. The following is a brief synopsis of key issues.

Tariffs:

- The import duty for motor vehicles, except motor homes and ambulances, was reduced to zero on December 1, 2000. The latter two categories are charged customs duties at the rate of 17.5 percent.

Taxes:

- A 12.5 percent goods and services tax (GST), is levied upon all sales transactions in New Zealand, including automobiles. The tax is based on the landed value of the vehicle, including all purchase, registration, shipping and insurance costs (as well as all taxes and duties paid in the selling country, unless those charges have been rebated prior to the vehicle's arrival in New Zealand); NZ customs duties, if any; less a depreciation deduction for a private importer's prior ownership and use abroad of the vehicle. The GST on imports is collected by the New Zealand Customs Department at the time of entry.

Other Measures:

Right Hand Drive:

- Left hand drive vehicles are permitted entry. However, they cannot be registered for use on public roads until converted to right-hand drive, except for a vehicle imported for personal use by the importer-owner. Both the vehicle and the individual importer are subject to several additional requirements.

Safety Standards and Certification Procedures:

- Vehicles must have proof of compliance with the safety standards either of Australia, the EU, Japan, or the USA, before they may be registered for use on public roads.

- Phytosanitary regulations require either pre-shipment or post-arrival inspection and certification that imported used vehicles are free of regulated pests, including gypsy moths, larvae, or eggs. Charges for inspection and sanitizing are borne by the importer.

AFRICA

ALGERIA- New Motor Vehicle Production/Assembly (in units)

	2000	2001	2002
Cars	2,000	2,000	2,000
Trucks	2,778	2,562	2,613

Source: Automotive News Market Data Book

ALGERIA- New Motor Vehicle Sales (in units)

	2000	2001	2002
Cars	13,900	14,200	14,500
Trucks	12,118	13,097	13,759

Source: Automotive News 2003 Market Data Book

Algeria:

Algeria has a promising market for both commercial and personal use automobiles. The annual demand for new cars stands at approximately 65,000 to 80,000 units. The renewing ratio increased from 1.5% in 2000 to 2% in 2002. 84% of the existing car force is more than 10 years of age; only 6% is less than 5 years old. Algeria imports all vehicles with the exception of large trucks and buses that are manufactured domestically by the state owned company, SINV. All cars imported for onward sale must be less than three years old. New car sales account for 35% of the market, while 65% of car sales are used. The car market has substantially evolved over the past 10 years, making a much wider variety of automobiles available. The current trend is likely to be more pronounced over the next several years as carmakers compete to control the market. There are, however, relatively few carmakers currently engaged in the market. Diesel powered motor vehicles are in high demand, however essence motors constitute the majority of the supply. Beginning in early 2003, the GOA began a program to implement strict and regular inspection standards for both commercial and personal use vehicles. In addition to cars, there is an extremely high demand for legitimate and affordable spare parts.

Custom duties: 15%
VAT: 17%

BURKINA FASO- New Motor Vehicle Sales (in units)

	2000	2001
Personal Use Vehicles	122	136
Commercial Use Vehicles	239	108

Source: Auto Strategies International Inc.

<u>Burkina Faso</u>:

There are no local content regulations or import restrictions. Burkina Faso imposes a 76 percent tax on imported motor vehicles based on value.

EGYPT- New Motor Vehicle Production/Assembly (in units)

	2000	2001	2002
Cars	61,00	62,000	27,170
Trucks	28,416	17,013	19,309

Source: Automotive News Market Data Book

EGYPT- New Motor Vehicle Sales (in units)

	2000	2001	2002
Cars	100,000	106,000	112,000
Trucks	40,769	25,093	22,622

Source: Automotive News 2003 Market Data Book

<u>Egypt</u>:

- Import duties on passenger cars range from 30-160 percent, divided as follows:

  -Cars with engines <= 1.0 liter displacement pay a 40 percent tariff
  -Cars with engines between 1.0-1.3 liters displacement pay a 55 percent tariff
  -Cars with an engine between 1.3-1.6 liters displacement pay a 100 percent tariff
  -Cars with an engine between 1.6 - 2.0 liters displacement pay a 135 percent tariff

-Cars with an engine >= 2.0 liters pay a 135 percent tariff

- In addition, a sales tax is also levied on motor vehicles by engine size as follows:
  -Motor vehicles with engines up to 1.6 liters pay 10 percent
  -Between 1.6 - 2.0 liters pay 20 percent
  -Engines larger than 2.0 liters pay 45 percent.

Gabon:

There are no local content regulations or import restrictions. The import tariff on new and used motor vehicles is 41 percent C.I.F. value.

GHANA- New Motor Vehicle Production/Assembly (in units)

	2000	2001	2002
Cars	-	-	-
Trucks	150	140	110

Source: Automotive News Market Data Book

GHANA- New Motor Vehicle Sales (in units)

	2000	2001	2002
Cars	3,910	4,030	4,150
Trucks	2,320	1,824	1,305

Source: Automotive News 2003 Market Data Book

Ghana:

Ghana has no local content or export performance requirements. Ghana imposes several taxes on imported vehicles.

- In June of 1998, the government of Ghana banned the importation of vehicles more than 10 years old.
- The purchase tax on passenger vehicles varies according to the engine size as follows:
- Automobiles with engines under 1900 ccs are charged a 10 percent import duty and no sales tax.
- Automobiles between 1900 - 2500 cc are charged a 10 percent import duty and a 15 percent sales tax.

- Automobiles with engines exceeding 2500 ccs are charged a 10 percent plus a 15 percent sales tax. In addition they are assessed a 17.5 percent special tax.

IVORY COAST- New Motor Vehicle Production/Assembly (in units)

	2000	2001	2002
Cars	-	-	-
Trucks	800	800	850

Source: Automotive News Market Data Book

IVORY COAST- New Motor Vehicle Sales (in units)

	2000	2001	2002
Cars	14,180	14,890	15,630
Trucks	3,725	1,485	1,611

Source: Automotive News 2003 Market Data Book

<u>Ivory Coast</u>:

There are no local content regulations or import restrictions on new motor vehicles. Since 1996, the Ivorian Government has taken steps to liberalize the market for used vehicles.

KENYA- New Motor Vehicle Production/Assembly (in units)

	2000	2001	2002
Cars	2,000	2,000	2,000
Trucks	3,849	3,855	2,764

Source: Automotive News Market Data Book

KENYA- New Motor Vehicle Sales (in units)

	2000	2001	2002
Cars	5,450	5,590	5,760
Trucks	4,825	4,971	3,610

Source: Automotive News 2003 Market Data Book

Kenya:

No local content regulations exist, but components manufactured locally may not be imported. There are no export requirements. An import license accompanied by a 100 percent refundable prior import deposit is required. Importing medium and heavy-duty commercial vehicles with a 3-ton or more load capacity is prohibited unless they are completely dismantled and contain no components that may be produced locally. The import duty on assembled passenger cars is 50 percent on the C.I.F. value in addition to a 40 percent sales tax. The duty on components for assembly is 25 percent. Importers have been directed to seek 90 to 180 days credit overseas. Import protection is accorded to local producers of the following automotive components: sealers, adhesives, batteries, tires, tubes, paints, flat glass, canvas, soft trim, upholstery, insulation, radiators, exhaust systems, leaf springs, spare wheel carriers, seat frames, wiring harnesses, and brake linings.

MADAGASCAR- New Motor Vehicle Sales (in units)

	2000	2001	2002
Cars	580	610	640
Trucks	1,568	980	1,300

Source: Automotive News 2003 Market Data Book

Madagascar:

There are no local content regulations or import restrictions. Import taxes on motor vehicles for 1998 are 40 to 80 percent of CIF value, depending on the type of vehicle. A VAT of 20 percent is charged to each vehicle imported.

MOROCCO- New Motor Vehicle Production/Assembly (in units)

	2000	2001	2002
Cars	13,900	12,000	17,200
Trucks	9,713	5,036	13,845

Source: Automotive News Market Data Book

MOROCCO- New Motor Vehicle Sales (in units)

	2000	2001	2002
Cars	71,660	31,000	32,000
Trucks	13,482	14,786	19,353

Source: Automotive News 2003 Market Data Book

Morocco:

There are no local content regulations or import restrictions. Import duties are levied on new automobiles as follows. There is a base duty of 45 percent levied on all automobiles. Added to the base duty are a 12.5 percent fiscal tax and a value added tax of 19 percent for vehicles with engines under 1800 cc's and 30 percent over 1800 cc's.

SOUTH AFRICA- New Motor Vehicle Production/Assembly (in units)

	2000	2001	2002
Cars	219,813	250,500	290,000
Trucks	123,378	119,624	127,942

Source: Automotive News Market Data Book

SOUTH AFRICA- New Motor Vehicle Sales (in units)

	2000	2001	2002
Cars	222,092	239,060	231,602
Trucks	116,951	128,170	120,626

Source: Automotive News 2003 Market Data Book

South Africa:

The South African motor industry is undergoing a radical process of change. Import protection of over 100%, three years ago, can be complemented to zero and this means that local companies must now compete with the best in the world. Government legislation is in place to bring the mixed economy of South Africa into the world arena once again.

This means major adjustment and reconstruction in our local auto industry. Our volumes of new car sales (just under 215 000 for 1999) is too small to attract international companies looking for markets, especially when one considers that this is shared between 7 car assemblers, and many independent importers, offering over 750 model variants to the local market.

The government, in a process of positive engagement with labor, component manufacturers and assemblers, has reviewed the legislation that oversees the local industry. The result is an industry plan that will, short and long term, put South Africa into the global sourcing picture in the international motor industry.

The MIDP

The Motor Industry Development Program (MIDP) is the name of the legislation governing the local motor industry. It was enacted in September 1995 with the major objective of slowly re-introducing South Africa into the international motor industry.

This was to be done by slowly reducing import tariffs to give local industry an opportunity to adapt. In practice, the GATT binding on imports was set at 50%, but the government felt that this level of protection was too high and subsequently set lower tariffs on imports of vehicles and components.

Whereas this has resulted in the loss of about half of the people employed in the total industry over the past 5 years (to around 290 000) the South African motor industry is now starting to show aspects of international competitiveness.

The MIDP has just been revisited and fine-tuning adjustments will be announced for implementation in mid-2000. In essence, local assemblers will produce volumes in excess of 30 000 vehicles per model by the mid-two thousands. Some are planning 60 - 80 thousand. Some vehicles will be exported and the local model range will be supplemented by imports. This will allow local material content of 65 - 75%. Thus local component volumes will increase between two and four times, which means that local component manufacturing becomes a very attractive business.

Tariffs

The tariff on completely built up (CBU) passenger vehicles is presently at 38% (of the vale of the motor vehicle), and a 14% VAT applies. There is also an AD VALORUM duty (of approximately 2% – depending on value of vehicle). The same duties apply to completely knocked down (CKD) passenger vehicles.

The tariff on the heavy truck market is 20%, with a 14% VAT. Again, there is also an AD VALORUM duty (of approximately 2% – depending on value of vehicle).

The import duties on components are approximately 30%, depending on the component.

Investment

Attracting appropriate and productive Foreign Direct Investment (FDI) into SA will depend on skills development and sound financial returns. Rising production efficiencies, pressure on profit margins and clear government policy normally act as a catalyst to persuade direct investment by foreign OEMs and first tier suppliers. Emerging markets are increasingly targeted as low cost production locations and to absorb the structural excess capacity. Smaller facilities are furthermore integrated into the global production plants, capable of improved quality, speed efficiency and costs. German, Japanese, French, American, British and other national governments to encourage the development of automotive business activities with SA are increasingly endorsing SA's attractiveness as an investment destination of choice via programs. It is generally accepted by OEMs that adding plants in developing countries to their global production networks will dramatically increase competitiveness. The exchange rate adds to the attractiveness in having manufacturing costs in domestic currencies and sell products in Euros or Dollars.

Investment expenditure by the 8 OEMs has increased by 33% from 2000 to 2001 and is projected to increase substantially by 61% to 2002. All assemblers are now wholly or partly owned by parent companies in Japan, the USA or the EU. FDI in the automotive industry has positively

Contributed to strong export performance, technology transfer, skills development, productivity gains and the balance of payments. This contributed to transform the formerly inefficient and protected SA industry into a globally modern, productive and competitive manufacturer and exporter with fewer models and higher volumes. The auto industry is reliant on economies of scale in order to export products as part of a global value chain.

Significant investment programs unveiled during 2001/2 include BMW SA's initial R2 billion investment for the next generation 3-series from 2005. Anticipations are that the upgraded plant will be able to build more than 60 000 units per annum. BMW SA is currently engaged in a capital investment program of R3, 3 billion to upgrade quality. The previous R1, 3 billion investment over the past 3 years has resulted in an overall production volume growth of 220% resulting from its quadrupling of cars exported. BMW SA illustrated that it is not only cost competitive against other BMW plants in the world but also represents BMW's fastest growing plant in the world. Fiat SA is also investigating manufacturing a right-hand drive pick-up model for export purposes which would require a R200 million investment while VW SA is engaged in a redevelopment program of R1 billion per annum over a 5 year period.

In 2002 Toyota Motor Corporation of Japan increased its shareholding in Toyota SA from 35,7% to 74,9% in a deal worth R1 billion and is planning to invest another R4 to R4, 5 in SA as exports now make business sense. The factory will receive a R3, 5 billion injection aiming to double its annual production to 150 000 over the next 5 years. R1, 2 billion will be spent this year to prepare for the launch of the new Corolla to be exported to Australia in 2003.

Trade Balance

The trade deficit narrowed by R1, 8 billion from 2000 to 2001. The competitive nature of the industry as well as the weak Rand boosted export volumes to new heights. The rise in import prices, due to the weakening currency, as well as a stronger domestic market, however, also resulted in rising import levels. Total industry exports continued their rapid growth in 2001 with an increase of R10 billion or 50% compared to 2000, while total imports increased by R8, 3 billion or 27,9% over the same period. Considering SA's ability to penetrate new markets, the ability to export new products, the opportunities presented by AGOA as well as the continuous trend of record braking export levels, the automotive industry is destined to become a foreign trade earner in the near future.

Importation of Used Vehicles:

Strict control measures ensure that only a limited number of legal import permits are issued to allow used vehicles into SA. In terms of current legislation, used vehicles qualifying for an import permit include those for returning residents and immigrants, vintage cars, racing cars, donated vehicles for welfare organizations and adapted vehicles for persons with physical disabilities. Without a legal import permit, imported used vehicles cannot be registered on the National Information Transport System (NaTIS) while the system also combats stolen and non-complying vehicle registrations. All vehicle-manufacturing plants have also been linked on line to the system to facilitate the collation of data of vehicles produced.

Government and industry are engaged in various actions and initiatives to effectively combat the illegal import of used vehicles into SA. The focus of the task teams has been extended to also include imported new vehicles not complying with the SA Bureau of Standards compulsory vehicle specifications as well as illegal registrations on the NaTIS. In this regard the SABS Letter of Authority (LOA) was introduced in 2000 as a means of certification of compliance with SABS standards. The LOA has been instrumental in combating the increasing levels of imports of non-complying vehicles, which tend to have sub-standard safety features to the detriment of road safety. In addition, SABS homologation is the procedure to ensure that all new vehicle models comply with the relevant SA legislation, standards and specifications, as well as codes of practice, for motor vehicles intended for use by the public on public roads. The process for homologation must be carried out before any motor vehicle model is introduced into the SA market. This prevents the need to withdraw a motor vehicle model before it enters the market and reduces the possibility of resultant legal action against the supplier. A process of homologation is also requiring in respect of motor vehicle tires.

TUNISIA- New Motor Vehicle Production/Assembly (in units)

	2000	2001	2002
Cars	1,000	1,000	1,000
Trucks	5,030	5,084	6,357

Source: Automotive News Market Data Book

TUNISIA- New Motor Vehicle Sales (in units)

	2000	2001	2002
Cars	4,000	4,000	4,400
Trucks	12,053	12,065	12,915

Source: Automotive News 2003 Market Data Book

Tunisia:

Imported vehicles must be less than 3 years old. All taxes and duties must be paid in convertible currency. Customs duties for motor vehicles are 17.5 percent. Also applied are a 0.25 percent para fiscal tax and a 15 percent PFI duty. In addition, there is a value added tax (VAT) on motor vehicles, of 19 percent. The consumption tax progressively increases as the engine size increases. Engines smaller than 900 cc's are assessed an 11-25 percent consumption tax, while engines larger than 2500 cc's are assessed a 207-256 percent tax.

ZIMBABWE- New Motor Vehicle Sales (in units)

	2000	2001
Personal Use Vehicles	1,370	1,244
Commercial Use Vehicles	1,123	871

Source: Auto Strategies International Inc.

Zimbabwe:

There are no local content regulations. The maximum value of an imported vehicle without a general import license has been increased from $1,500 to $4,500. The vehicles must be less than 4 years old. Vehicles can only be resold after 1 year of ownership.

EUROPEAN UNION (EU)

Collective Trade Barriers
Tariff Rates

No local content regulations or import/export requirements are maintained by any of the EU member states. Imports from non-EU and non-EFTA countries are subject to common external tariffs (CET).

A 10 percent CET is applied to passenger cars imports. Electric-motored cars are subject to a 12.5 percent CET. The CET for diesel- and gas-engined trucks is either 11 or 22 percent, depending on the vehicle engine capacity. Diesel or semi-diesel trucks with an engine capacity of 2.5 liters and below are subject to an 11 percent CET, while diesel or semi-diesel trucks with an engine capacity exceeding 2.5 liters have a 22 percent CET. Gas-engined trucks not exceeding 2.8-liter engine capacity is subject to an 11 percent CET, while those exceeding 2.8 liters having a 22 percent tariff. Dump trucks are subject to either a 6 or 17 percent duty, depending on engine capacity. Dump trucks with an engine capacity of 2.5 liters and below are subject to a 6 percent CET, while dump trucks with an engine capacity exceeding 2.5 liters have a 17 percent CET. All trucks made specifically for the purpose of transporting highly radioactive materials are subject to a 5.3 percent CET.

EU's Single Internal Market ("EC-92") and the Type-Approval Directive

The EU's single internal market became official on January 1, 1993. Part of the "EC-92" effort includes the initiative to remove technical barriers to the free movement of products within the EU. The program's greatest impact on the automotive sector has been in the area of standards. The EU Commission has attempted to harmonize automotive technical and environmental standards between the member states. EU legislation also covers noise and particulate emissions, as well as safety. For example, as of January 1, 1993, all motor vehicles in the EU must have a catalytic converter.

In addition, the EU's type-approval directive (EU Council Directive 92/53) eliminates the need for national type-approval requirements by establishing one set of rules for automobiles and their parts throughout the EU. This directive aims to clarify the type-approval procedure for motor vehicles, separate technical units (i.e., trailers), and components. It simplifies the documentation, designates the type-approval number on a separate technical unit as certification of conformity, and defines vehicles, separate technical unit(s), and component(s). Certificates of conformity, as specified in Annex IX of EU Directive 92/53, will be required in order for an automobile to enter into service. For component approvals, an approval issued under relevant regulations of the U.N. Economic Commission for Europe (UNECE) is recognized as equivalent to an approval granted under comparable EU legislation.

In March 1992, the EU Council formally adopted the few remaining pieces of component-related legislation necessary to make whole-vehicle type approval a reality for passenger cars. In June 1992, EU member state officials approved the adoption of EU legislation creating a single system for certifying that passenger cars meet safety and other technical requirements. The legislation established an EU type-approval system to replace the twelve member state national schemes.

In 1996, the EU type-approval system became mandatory. Vehicles with EU type-approval can be marketed anywhere in the Community. Therefore, a vehicle need only receive type-approval certification in one EU country to be accepted in all other member countries. To receive type-approval, products may either be brought to a testing facility or manufacturers may opt to maintain their own approved, on-site equipment. Nevertheless, U.S.-and EU-origin automobiles must still be certified to this single set of rules by an authorized member state agency. A similar system was adopted for type-approval of two and three wheeled vehicles, and became effective on January 1, 1994. Should you need further information or would like to obtain these addresses, please contact the Department of Commerce: European Union Affairs Office at (202) 482-5279.

Value-added taxes (VAT)

As part of the establishment of the single internal market, the EU member states have also begun to harmonize their VAT rates into a narrow band of approximately 15 percent. Until that time, VAT rates are country-specific, and in some cases, sector-specific; the rates fluctuate between standard, reduced and luxury VAT rates. However, standard VAT rates are generally applied to vehicles throughout the EU. EU VAT rates currently range from 15 to 25 percent. VAT rates for each EU member are listed below:

VAT Rates

Austria	20%	Italy	20%
Belgium	21%	Luxembourg	15%
Denmark	25%	Netherlands	17.5%
Finland	22%	Portugal	17%
France	20.6%	Spain	16%
Germany	15%	Sweden	25%
Greece	18%	United Kingdom	17.5%
Ireland	21%		

EU-Japan Voluntary Restraint Agreement (VRA)

In anticipation of fully opening EU markets to Japanese competition in the year 2000, the EU and Japan agreed in 1991 to an orderly transition period under a VRA. From January 1993 to December 1999, motor vehicle exports from Japan to the EU were restricted in relation to total EU market sales. Japanese access to the EU market after this period became unlimited.

AUSTRIA- New Motor Vehicle Production/Assembly (in units)

	2000	2001	2002
Cars	99,000	113,411	106,955
Trucks	25,811	23,932	19,928

Source: Automotive News Market Data Book

AUSTRIA- New Motor Vehicle Sales (in units)

	2000	2001	2002
Cars	309,427	293,528	279,493
Trucks	37,417	34,960	31,740

Source: Automotive News 2003 Market Data Book

Austria:

Prior to January 1, 1995, Austria's import duty for motor vehicles was 25 percent. Upon accession to the EU, Austria adopted the EU-wide tariff and non-tariff barriers mentioned above. The VAT on autos is 20 percent, which is the general VAT applied to goods and services in Austria. Austria also maintains a vehicle registration tax, which is based on price and fuel consumption, as well as an annual vehicle tax, which is based on engine power and cylinder volume. Automobiles for the handicapped and electric vehicles are free from the VAT. Automobiles must be approved for sale in Austria in accordance with EU regulations. This approval can be granted in any EU country. Most vehicles are approved for EU sale in the EU country of entry, where the vehicle is then tested.

BELGIUM AND LUXEMBOURG

BELGIUM- New Motor Vehicle Production/Assembly (in units)

	2000	2001	2002
Cars	912,233	1,058,656	936,904
Trucks	121,061	127,414	120,670

Source: Automotive News Market Data Book

BELGIUM- New Motor Vehicle Sales (in units)

	2000	2001	2002
Cars	515,204	488,683	467,769
Trucks	66,479	72,761	59,895

Source: Automotive News 2003 Market Data Book

Belgium:

In addition to the EU-wide tariff and non-tariff barriers mentioned above, Belgium assesses a 21 percent VAT on new and second-hand vehicles (only when taxable vendor i.e. if VAT has not already been paid). The VAT is assessed on the effective invoice price at the time of sale of the vehicle. To compensate for the reduction of Belgium's VAT rate from 33 percent to 21 percent, Belgium now maintains a "tax on the first registration" on new cars, minibuses and motorcycles (not commercial vehicles) which is based on fiscal horsepower/engine size, and assessed on invoice price. (This tax increases steeply for cars with larger engines, and diesel engines pay more.) On second-hand vehicles, the registration tax is generally 25 percent (only when non taxable vendor). Belgium also assesses a road tax, based on engine size, an annual liability premium and has an energy tax which affects the price of gasoline.

LUXEMBOURG- New Motor Vehicle Sales (in units)

	2000	2001	2002
Cars	42,304	43,164	43,684
Trucks	2,640	3,570	4,747

Source: Automotive News 2003 Market Data Book

Luxembourg:

In addition to the EU-wide tariff and non-tariff barriers mentioned above, Luxembourg assesses an annual tax on all vehicles based on engine size. The tax ranges from 150 Luxembourg francs on autos with engines from 1 to 100 cc, to 13,600 francs on autos with engines from 7900 to 8000 cc. The Luxembourg agency responsible for establishing and enforcing safety and road-worthiness requirements for autos, tucks and motorcycles is the Societe National de Controle Technique (SNCT). This agency is responsible for both national and EU type approval. SNCT's registration department allows new vehicles to enter into service if they are covered by an EU whole vehicle type approval and accompanied by a valid certificate of conformity as specified in Annex IX of EU Directive 92/53. Luxembourg applies a VAT rate of 15 percent.

DENMARK- New Motor Vehicle Production/Assembly (in units)

	2000	2001	2002
Cars	-	-	-
Trucks	191	192	200

Source: Automotive News Market Data Book

DENMARK- New Motor Vehicle Sales (in units)

	2000	2001	2002
Cars	112,583	96,118	112,218
Trucks	37,313	36,024	36,157

Source: Automotive News 2003 Market Data Book

<u>Denmark</u>:

In addition to the EU-wide tariff and non-tariff barriers mentioned above, Denmark maintains an excise tax on automobiles known as the registration fee. The tax is based on the landed cost plus VAT. For the first 19,750 Danish Kroner (DK), the tax is 120 percent and for the remaining landed value, 180 percent. Therefore, a $16,000 U.S. car would retail at $66,452. The Danish government body responsible for establishing and enforcing national and EU auto, truck and motorcycle requirements, and type approval is the Traffic Safety Division within the Danish Ministry of Justice in Copenhagen. Denmark applies a VAT rate of 25 percent, based on the dutiable value at the time of a vehicle's acquisition in a new condition. Taxes on a used vehicle are based on the street value of a similar vehicle in Denmark.

FINLAND- New Motor Vehicle Production/Assembly (in units)

	2000	2001	2002
Cars	19,151	24,001	20,335
Trucks	450	450	450

Source: Automotive News Market Data Book

FINLAND- New Motor Vehicle Sales (in units)

	2000	2001	2002
Cars	134,646	109,441	117,041
Trucks	19,104	18,436	18,339

Source: Automotive News 2003 Market Data Book

<u>Finland</u>:
Prior to January 1, 1995, Finland's import duty for motor vehicles was 5.3 percent of the C.I.F. value. Upon accession to the EU, Finland adopted the EU-wide tariff and non-tariff barriers mentioned above. Finland also assesses a 102 percent car tax and a 22 percent VAT rate. An additional 35 percent tax is levied on vans and station wagons. Only passenger cars with catalytic converters are allowed to be imported into Finland. In addition, In September 2002, Finland agreed to a European Court of Justice ruling to remove its 30 percent tax on imported used cars, falling into step with Europe's drive to form a single car market. (This is expected to boost used car imports to Finland, especially from Germany.)

FRANCE- New Motor Vehicle Production/Assembly (in units)

	2000	2001	2002
Cars	2,923,093	3,140,412	3,284,000
Trucks	406,943	462,801	376,985

Source: Automotive News Market Data Book

FRANCE- New Motor Vehicle Sales (in units)

	2000	2001	2002
Cars	2,133,884	2,254,732	2,254,732
Trucks	472,884	496,270	460,937

Source: Automotive News 2003 Market Data Book

<u>France</u>:

In addition to the EU-wide tariffs and non-tariff barriers mentioned above, in August 1995, France increased its VAT rate by 2 percent, from 18.6 to 20.6 percent.

GERMANY- New Motor Vehicle Production/Assembly (in units)

	2000	2001	2002
Cars	5,131,919	5,299,670	5,122,894
Trucks	394,700	391,731	346,700

Source: Automotive News Market Data Book

GERMANY- New Motor Vehicle Sales (in units)

	2000	2001	2002
Cars	3,378,414	3,341,718	3,252,898
Trucks	314,800	295,937	271,856

Source: Automotive News 2003 Market Data Book

Germany:

In addition to the EU-wide tariff and non-tariff barriers mentioned above, Germany maintains a graduated motor vehicle tax based on horsepower/engine size and registration year/age of vehicle. If the car was registered before 1986, the tax rate is 18.80 Deutschemark (DM) per 100 cc of engine size. If the vehicle was registered after 1986, the tax rate is 21.60 DM per 100 cc. Germany also maintains an annual tax on vehicles that is based on age and emissions (DM13.20 to 21.60 per 100cc). In addition, the German government encourages the use of lead-free gas by giving tax incentives to purchasers of cars with these features. Germany also maintains rigid safety standards. There is no specific sales tax on motor vehicles in Germany. Every sale is subject to the general provisions of VAT, with a standard rate of 15 percent.

GREECE- New Motor Vehicle Sales (in units)

	2000	2001	2002
Cars	290,221	280,295	268,489
Trucks	25,604	22,592	20,296

Source: Automotive News 2003 Market Data Book

Greece:

In addition to the EU-wide tariff and non-tariff barriers mentioned above, Greece maintains a registration tax that increases as the engine size increases and ranges from 100 Greek drachmas per cc to 300 Greek drachmas per cc. Greece also applies a high and complex special consumption tax (SCT) to motor vehicles. The SCT effectively raises the retail price of a small car to 250 percent of C.I.F. value and of a large car to 600 percent. Due to the formation of the EU's single internal market, the Government of Greece is being pressured to reduce its high taxes. The Greek agency responsible for both national and EU type approval for all vehicles is the Directorate of Vehicle Technology within the Ministry of Transport and Communications in Athens. Greece applies a VAT rate of 18 percent, based on the retail selling price and/or the C.I.F. value plus customs duties (for non-EU vehicles) plus SCT plus profit margin.

IRELAND- New Motor Vehicle Production/Assembly (in units)

	2000	2001	2002
Cars	-	-	-
Trucks	1,100	1,100	1,200

Source: Automotive News Market Data Book

IRELAND- New Motor Vehicle Sales (in units)

	2000	2001	2002
Cars	230,986	164,765	156,112
Trucks	45,680	43,293	38,325

Source: Automotive News 2003 Market Data Book

Ireland:

In addition to the EU-wide tariffs and non-tariff barriers mentioned above, Ireland maintains a vehicle registration tax that increases as engine size increases. In addition, gasoline and insurance are extremely expensive and heavily taxed in Ireland. Ireland applies a VAT rate of 21 percent, calculated on the basic price of the vehicle before the vehicle registration tax.

ITALY- New Motor Vehicle Production/Assembly (in units)

	2000	2001	2002
Cars	1,422,281	1,271,780	1,125,764
Trucks	320,015	307,712	303,137

Source: Automotive News Market Data Book

ITALY- New Motor Vehicle Sales (in units)

	2000	2001	2002
Cars	2,414,449	2,425,300	2,270,900
Trucks	253,297	242,423	288,574

Source: Automotive News 2003 Market Data Book

Italy:

In addition to the EU-wide tariff and non-tariff barriers mentioned above, Italy's VAT rate for all vehicles is 20 percent. The Italian customs duty is 10 percent for motor vehicles (and ranges from 3.4 percent to 5 percent for automotive parts and equipment). This import duty is charged on the C.I.F. value. Italy also maintains a vehicle ownership tax based on engine power. Italy’s annual vehicle ownership tax is Euro 2.58 per kilowatt on gasoline and ecodiesel engines, with an additional Euro 6.63 per kilowatt on (older) non-ecodiesel engines.

NETHERLANDS- New Motor Vehicle Production/Assembly (in units)

	2000	2001	2002
Cars	215,085	189,261	182,368
Trucks	41,697	48,402	42,872

Source: Automotive News Market Data Book

NETHERLANDS- New Motor Vehicle Sales (in units)

	2000	2001	2002
Cars	597,623	530,287	510,744
Trucks	113,606	101,627	96,276

Source: Automotive News 2003 Market Data Book

The Netherlands:

In addition to the EU-wide tariff and non-tariff barriers mentioned above, the Netherlands maintains an annual motor vehicle tax which is based on the weight of the car, the type of fuel it uses, and the owner's residence. Additionally, manufacturers or importers of passenger cars have to pay a special consumption tax of 18-27 percent, depending on the price of the vehicle. A sales tax of 45.2 percent is also assessed on the net value, less an adjustment based on fuel type. There is a 10 percent luxury tax calculated on the gross value of a vehicle older than 90 months. The Netherlands applies a VAT rate of 17.5 percent, based on the price of the vehicle exclusive of taxes.

PORTUGAL- New Motor Vehicle Production/Assembly (in units)

	2000	2001	2002
Cars	193,561	177,357	182,573
Trucks	55,286	62,155	69,915

Source: Automotive News Market Data Book

PORTUGAL- New Motor Vehicle Sales (in units)

	2000	2001	2002
Cars	289,941	255,215	226,092
Trucks	121,130	106,295	84,729

Source: Automotive News 2003 Market Data Book

Portugal:

In addition to the EU-wide tariff and non-tariff barriers mentioned above, Portugal maintains a special progressive tax, based on engine size, ranging from 95 to 1700 escudos per cc. Used vehicles benefit from a 15 percent discount. The 17 percent VAT is paid on the net price of the vehicle after all discounts, but inclusive of car tax. Portugal has both a private and government agency that is responsible for establishing and enforcing auto, truck and motorcycle requirements. The private agency is called the Associacao do Comercio Automovel de Portugal and the government agency is called the Direccao de Servicos de Vehiculos. Both are located in Lisbon.

SPAIN- New Motor Vehicle Production/Assembly (in units)

	2000	2001	2002
Cars	2,385,639	2,211,172	2,266,902
Trucks	666,515	625,155	576,584

Source: Automotive News Market Data Book

SPAIN- New Motor Vehicle Sales (in units)

	2000	2001	2002
Cars	1,379,816	1,433,173	1,329,237
Trucks	342,671	322,488	302,602

Source: Automotive News 2003 Market Data Book

Spain:

In addition to the EU-wide tariff and non-tariff barriers mentioned above, the VAT rate on vehicles in Spain is 16 percent, payable on all vehicle sales, regardless of the country of manufacture. Registration of automobiles is 13 percent of the value of the vehicle. In Spain, the agency responsible for national and EU motor vehicle type approval is the Direccion General de Tecnologia y Seguridad Industrial within the Ministerio de Industria y Energia (Ministry of Industry and Energy) in Madrid.

SWEDEN- New Motor Vehicle Production/Assembly (in units)

	2000	2001	2002
Cars	369,170	418,312	409,362
Trucks	115,164	98,191	101,529

Source: Automotive News Market Data Book

SWEDEN- New Motor Vehicle Sales (in units)

	2000	2001	2002
Cars	290,529	246,581	254,589
Trucks	38,278	35,004	34,576

Source: Automotive News 2003 Market Data Book

Sweden:

In addition to the EU-wide tariff and non-tariff barriers mentioned above, Sweden also levies a 25 percent VAT on the duty paid value. Sweden maintains a vehicle sales tax for commercial vehicles, which is levied based on the weight of the vehicle plus driver and an additional sales tax on environmental qualities. There is an Ascrap fee@ assessed for passenger cars and vans. Sweden maintains non-restrictive import licenses, as well as stringent safety and emission standards. Under certain conditions, Swedish producers receive a rebate of all duties paid on imported components incorporated into a vehicle that is to be exported.

TURKEY- New Motor Vehicle Production/Assembly (in units)

	2000	2001	2002
Cars	295,430	175,343	197,750
Trucks	133,471	95,342	142,367

Source: Automotive News Market Data Book

TURKEY- New Motor Vehicle Sales (in units)

	2000	2001	2002
Cars	342,342	120,000	66,115
Trucks	128,723	60,797	52,140

Source: Automotive News 2003 Market Data Book

Turkey:

Tariffs:
In conjunction with its January 1, 1996 accession to the European Union's Customs Union, Turkey has adopted a new import regime. The new regime applies the EU's common external tariff for third country imports and provides zero duty rates for non-agricultural items of EU/EFTA origin. The automotive industry was considered a "sensitive" industry. In this area, the EU agreed to a delay in the application of the

common external tariff for five years, until the end of 2000, and this period is over. Turkey maintained higher customs duties for automotive imports during this period and Turkey decreased these rates each year, and reached the common external tariff by the end of 2000. According to this agreement, customs duties that will be applied as of 2003 are as follows:

Passenger Cars*:

Engine Size (in cc)	Vehicles with Gasoline Engines (% x CIF value)	Vehicle with Diesel Engines (% x CIF value)
0-1500	10	10
1500-1600	10	10
1600-2000	10	10
2000 and above	10	10

* A passenger vehicle is defined as “a vehicle with a higher capacity to hold passengers than transporting goods.”

Commercial Vehicles:

Transportation Capacity	Vehicles with Gasoline Engines (% x CIF value)	Vehicle with Diesel Engines (% x CIF value)
0-5 tons		
0-2500cc	10	10
2500cc and up	22	22
5-20 tons	22	22
20 tons and up	22	22

Taxes:

Value Added Tax (VAT):

Passenger Cars: 18%, based on CIF value

Commercial Vehicles: 18%, based on CIF value

Special Consumption Tax

Engine Size	Passenger Cars	Commercial Vehicles
0-1600 cc	27%	4%
1601-200 cc	46%	4%
above 2000 cc	50%	4%

This tax is calculated over retail price that includes CIF price plus VAT. This tax replaced all other taxes that were paid previously.

Other Measures:

Turkey’s liberalized foreign trade regime permits the unrestricted import of foreign made vehicles. The only restriction is the age: the imported vehicle should either be manufactured in the year it is imported, or should carry the next year's model. Document to show the age of the vehicle is only valid for six months. Any document older than six months is not valid.

If a company plans to import vehicles exceeding a certain amount of units (currently 75) for sales purposes, it needs to obtain a Maintenance, Repair and Service Certificate from the Turkish Minister of Industry and Commerce prior to import. Importer needs to establish at least 20 efficient service stations in seven geographic regions in Turkey and keep sufficient spare parts. All these stations have to receive quality certificates from the Turkish Institute of Standards. A Recent law states that both local manufacturers and importers have to run and operate at least one service station themselves. The Ministry does not give a certificate unless it believes that the whole service station network is satisfactory, both in quality and quantity.

UNITED KINGDOM- New Motor Vehicle Production/Assembly (in units)

	2000	2001	2002
Cars	1,621,228	1,481,903	1,627,972
Trucks	187,072	195,392	191,876

Source: Automotive News Market Data Book

UNITED KINGDOM- New Motor Vehicle Sales (in units)

	2000	2001	2002
Cars	2,221,647	2,458,769	2,563,631
Trucks	296,479	313,411	322,258

Source: Automotive News 2003 Market Data Book

United Kingdom:

In addition to the EU-wide tariff and non-tariff barriers mentioned above, there is a 17.5 percent VAT rate on vehicles in the U.K. European type-approvals are enforced in the U.K. by the Vehicle Certification Agency (VCA), a Department in the Ministry of Transport. During the type approval process, the VCA coordinates with motor manufacturers on vehicles currently in production. Appointed test houses carry out the inspections and tests on behalf of the VCA. The vehicle inspectorate, an executive agency of the Department of Transport, carries out national type approvals on vehicles already in service. They enforce the heavy goods vehicle (HGV) test and the Ministry of Transport test for cars, motorcycles and light vehicles. Appointed HGV test stations and commercial garages carry out tests respectively. The UK also maintains an annual tax on vehicles, which is assessed at 145 British pounds.

EUROPEAN FREE TRADE ASSOCIATION

NORWAY- New Motor Vehicle Sales (in units)

	2000	2001	2002
Cars	97,376	91,916	88,721
Trucks	35,262	37,486	29,294

Source: Automotive News 2003 Market Data Book

<u>Norway</u>:

Passenger cars are subject to a 5.3 percent import tariff based upon C.I.F. value. Trucks and buses are subject to flat duty rates ranging from 12 to 28 percent. On January 1, 1996 the Norwegian Government implemented a complicated taxation system for imported automobiles. The system is based on value, weight, maximum engine capacity and stroke volume of the automobile. This tax system places a higher burden on larger vehicles and vehicles with larger engine sizes. Norway assesses a VAT rate on vehicles at 23 percent of the amount comprising customs value, customs duty and import tax. Passenger cars are subject to an additional tax that is based on the weight of the vehicle. The first 1150 kg are taxed at Norwegian Kroner (NOK) 23.35/kg, the next 250 kg are taxed at NOK 46.7/kg, and any remaining weight over 1,400 kg is taxed at NOK 93.4/kg. Effective January 1, 1997, the Norwegian Government introduced a 100 percent taxation fee for all expensive models of automobiles, with expensive being defined as those vehicles with C.I.F. exceeding NOK 175,000 (USD 24,000). The fee covers 100 percent of the value above NOK 175,000. Automobiles using CFC air-conditioning equipment cannot be imported.

SWITZERLAND- New Motor Vehicle Production/Assembly (in units)

	2000	2001	2002
Cars	-	-	-
Trucks	-	-	1,100

Source: Automotive News Market Data Book

SWIZERLAND- New Motor Vehicle Sales (in units)

	2000	2001	2002
Cars	314,483	314,580	295,065
Trucks	30,102	32,839	26,781

Source: Automotive News 2003 Market Data Book

<u>Switzerland</u>:

The Swiss import climate is favorable to passenger and commercial vehicle imports. Effective January 1995, Switzerland introduced the Value-Added-Tax (VAT) to replace its old turnover tax system. The VAT is levied upon all automobile imports, with the standard rate of 6.5 percent of the value of the imported vehicle. This tax is levied at the border or port of entry. Beginning in 1999, however, the VAT was raised from 6.5 percent to 7.5 percent for most (durable) commodities including passenger and commercial automobiles.

CENTRAL AND EASTERN EUROPE

Central European Free Trade Area (CEFTA)
The motor vehicle-producing countries of the Central European region include: the Czech Republic, Hungary, Poland, Slovakia, and Slovenia. No vehicles are produced in Albania, Bulgaria, Croatia, Macedonia, and Yugoslavia.

Albania:

There are no local content, export requirements or import restrictions. Until January 1991, private ownership of automobiles was prohibited in Albania. Since the restriction was lifted, used cars have been imported from Yugoslavia, Greece and other West European countries to meet Albanian consumer demand. Financing remains a substantial obstacle to auto sales.

BULGARIA- New Motor Vehicle Production/Assembly (in units)

	2000	2001	2002
Cars	-	-	-
Trucks	500	500	500

Source: Automotive News Market Data Book.

BULGARIA- New Motor Vehicle Sales (in units)

	2000	2001	2002
Cars	10,000	9,862	10,303
Trucks	7,728	8,741	9,271

Source: Automotive News 2003 Market Data Book

Bulgaria:

All new and used vehicles imported with a EUR1 certificate are exempt from duties. One exception to this rule, introduced on the basis of the EU Accession Agreement with Republic of Bulgaria, is the import of vehicles from FYROM (Macedonia) accompanied by a EUR1 certificate, which are nonetheless subject to a 3 per cent duty.

Calculation of applicable duties and taxes starts with determination of the customs value. Then any duties are assessed, resulting in the landed (customs paid) value.

According to the Excise Tax Act, all new and used passenger vehicles with an engine greater than 120 kW (DIN) (1 kW = 1.36 hp) or 126 kW (SAE) (1 kW = 1.36 hp) are

subject to excise tax assessed on the landed value. For engine capacity ranging between 120 and 150 kW, the excise duty is 35 Bulgarian Lev per kW and for engine capacity greater than 150 kW the excise duty is 60 Bulgarian Lev per kW.
Remark: (ROE 1USD=1.68 BGL)

Further information on Bulgarian excise taxes may be accessed through http://www.minfin.government.bg/en/Laws/Publik_pdf/ExciseAct_2000.pdf.

All new vehicles imported into Bulgaria, whether or not they have a EUR1 certificate, are then subject to a 20 per cent VAT which is assessed on the value after the duties and any applicable excise taxes are added.

Imported vehicles remain under customs control until all duties and taxes are paid.

All duties and taxes must be paid in Bulgarian leva. The exchange rate (ROE) used is the average official weekly ROE.

DUTIES ON NEW IMPORTED VEHICLES

The customs value of all new vehicles (HS Codes 8702 and 8703) imported into Bulgaria is the invoice value. Customs duties are 0 percent for vehicles with a EUR1 certificate (except 3 percent for vehicles with EUR1 certificates imported from FYROM). The following duties apply for vehicles without the EUR1 certificate:

For new gasoline engine vehicles under tariff code HS 8702, the duty is 10 per cent if the engine displacement is up to 2,800 cc and 16 per cent if greater than 2,800 cc.

For new gasoline engine vehicles under tariff code HS 8703, the duty is 10 per cent for engine displacement up to 3,000 cc., 11,5 per cent for engine displacement exceeding 3,000 cc.; 5 per cent for ambulances with engine capacity up to 3,000 cc and 10 per cent for ambulances with engine capacity exceeding 3,000 cc. only.

For new gasoline engine vehicles under tariff code HS 8704, especially designed for transportation of radioactive products the duties vary between 4,6 per cent and 19 per cent depending on the engine capacity and maximum load capacity of the vehicle itself. CS Sofia can provide specific information on every specific tariff code under group HS 8704.

For other non EUR1 vehicles under tariff code HS8705, the duty is 4.7 percent.

For new diesel engine vehicles under tariff code HS 8702, the duty is 15 per cent for engine displacement greater than 2,500 cc and 10 per cent for engine displacement up to 2,500 cc (except 0 percent for vehicles with a EUR1 certificate). For new diesel engine vehicles under tariff code HS 8703, the duty is 10 per cent regardless of the engine capacity and 5 per cent for ambulances only. For new diesel engine vehicles depending on the tariff code, the duty varies between the limits of 3,8 and 22 per cent, depending on engine capacity, full load capacity and on the type of commodity it is used for.

DUTIES ON USED IMPORTED VEHICLES

In 2004, the Bulgarian Ministry of Finance and its subsidiary Executive Agency Customs introduced a new formula for calculating the dutiable value of second hand cars. Details are described below. The new formula will result in the reduction of the purchase of second hand cars with high depreciation value from the EU.
Customs duties are assessed on used vehicles imported without a EUR1 certificate. The customs value of used imported vehicles is not the invoice value, but a calculated value that depends on the power of the engine measured either in DIN horsepower, SAE horsepower, or kilowatts.

The customs value calculated as above is reduced for vehicles at least one year old as of the date of its import into Bulgaria. The customs value of vehicles more than one year old but less than two years old is reduced 20 percent, vehicles between two and three years old 30 percent, three and four years old 40 percent, and four or more years old 50 percent.

For buses and other vehicles with 10 or more seats (HS Code 8702), if the engine is rated in horsepower (HP) per the DIN (Deutsche Industrie Norme) standard, the dutiable value is calculated by multiplying the HP by 300 Bulgarian lev (BGN) equivalent to approximately $156 (ROE 1.56 BGN=USD1). This is an increase of 56% compared to 2003.

For automobiles with an engine rated in HP per the SAE standard, the dutiable value is calculated by multiplying the HP by 285 BGN (approximately $182). This is an increase of approximately 93% compared to 2003. If the engine is rated in Kilowatts (KW), the dutiable value is calculated by multiplying the KW by BGN 408 (approximately $262) for DIN standard or by BGN 388 (approximately $249) for SAE standard. The increase compared to 2003 is approximately 93%.

The duty rate is 25 percent for buses and 10 percent for other such vehicles.

For other vehicles (HS code 8703), the DIN HP is multiplied by 180 BGN equivalent of $115, the SAE HP is multiplied by 171 BGN equivalent of $110, or the KW is multiplied by $157 (DIN) or $149 (SAE). Compared to 2003 the increase is 92%
Except for the 10 percent rate for ambulances, all other used vehicles in this HS Code have a 15 percent customs duty rate.

Further information on Bulgarian tariffs may be found at http://www.minfin.government.bg/en/Laws/CastomTar/index.html.

<u>Czech Republic</u>:

There are currently no import or export restrictions on new vehicles. The Czech Republic also does not impose local content requirements on foreign automakers producing in its territory. Imports of used cars must meet minimum technical standards to ensure their compatibility with Czech safety regulations. The tariff rate on new and used automobile imports is currently 17.1 percent. In addition, automobile imports into the Czech Republic face a value-added tax (VAT) of 22 percent. Slovenia's non-European tariff is currently 17 percent. That tariff is expected to decrease to 15 in 2002. Slovenia established a VAT in 1999.

HUNGARY- New Motor Vehicle Production/Assembly (in units)

	2000	2001	2002
Cars	148,200	145,500	134,600
Trucks	3,400	3,100	3,300

Source: Automotive News Market Data Book

HUNGARY- New Motor Vehicle Sales (in units)

	2000	2001	2002
Cars	133,300	148,125	173,491
Trucks	38,353	36,200	33,292

Source: Automotive News 2003 Market Data Book

<u>Hungary</u>:

There are no known local content or export requirements. Most automobiles require an import license and special permit from the Hungarian Ministry of Economic Affairs. There is still a global quota on consumer goods, which includes new and used cars and minivans. In 1998, the Hungarian government granted import licenses for 68,000 new and 63,000 used cars. Hungarian import tariffs on passenger cars range from 13-48 percent: cars with engines up to 1600 cc's are assessed a 28 percent duty; cars with engines over 2000 cc's are assessed a 48 percent duty. Cars fitted with catalytic converters are assessed with a special reduced rate: 13 percent for engines up to 1600 ccs; 23 percent for engines between 1600-2000 ccs; and 43 percent for engines over 2000 ccs. Hungary also assesses a 25 percent VAT on motor vehicles. As of May 1, 1995, the Hungarian government implemented a new consumption tax for passenger cars, based on engine size (10 percent for cars below 1.6 liters, rising to 20 percent for all other models). Native Hungarians are prohibited from importing used passenger vehicles older than 4 years and commercial vehicles older than 8 years. However, specialized older vehicles may still be imported after passing a special technical test.

POLAND- New Motor Vehicle Production/Assembly (in units)

	2000	2001	2002
Cars	653,140	440,510	309,925
Trucks	73,322	65,256	39,400

Source: Automotive News Market Data Book

POLAND- New Motor Vehicle Sales (in units)

	2000	2001	2002
Cars	478,752	327,251	308,158
Trucks	44,054	35,059	26,877

Source: Automotive News 2003 Market Data Book

Poland:

Tariffs:
- A 14 percent customs duty is assessed on new and used cars, trucks and buses, based on vehicles from MFN countries and 2 percent from EU countries.

Taxes:
- A 22 percent value-added tax is calculated on the C.I.F. price plus customs duty and excise tax.
- In July 1998 the Polish Ministry of Finance announced its plans to introduce a 2 percent excise tax on the import and sale of all cars, not just luxury cars (as currently). If introduced this year, the tax will be effective starting January 1, 1999.
- Currently, cars exceeding 7500 European Currency Units (ECU) are subject to 10 percent excise tax if they are produced in Poland, and 15 percent if they are imported into Poland. The current system has had a negative impact on the safety of the cars offered on the Polish market because it was the additional equipment offered (ABS, extra air bag, etc.) which made the value of some cars exceed 7,500 ECU, and consequently fall into excise tax brackets. This situation resulted in the importation of poorly equipped cars, which were additionally upgraded with some extra equipment after sale in Poland.
- The new excise tax system would provide for a 2 percent excise tax levied upon each transaction in the sales chain until the car is registered for the first time. The new system will result in significant decrease in the cost of luxury cars, but it will also lead to an increase of prices of medium and low-priced segments of the market.

Other Measures:

- Polish law prohibits the import of two-stroke engines and bans the import of cars older than 10 years and trucks older than 3 years.
- Prompted by further environmental concerns, the Polish Parliament has required that all cars produced or imported into Poland should be fitted with catalytic converters (since July 1995).

Association Agreement with the EU:

- Under the Association Agreement with the European Union, it was also agreed that duty-free quotas for cars manufactured in EU countries and imported to Poland would be established. The duty-free quota is supposed to increase each year.
- Starting in 1992 through 2001, the quotas granted by Poland will allow a total 317,000 new, duty-free vehicles into Poland.
- Duty-free cars are allowed into Poland in lots of up to 400 units. This means that each official importer can apply for each lot separately, after the previous lot is sold.
- Current regulations on imported cars to Poland increase car prices significantly:
    - Cars imported to Poland from EU countries under duty-free quota, of value less than 7000 ECU are almost 30 percent more expensive than in Western Europe.
    - Cars imported to Poland from EU countries under duty-free quota, of value more than 7000 ECU are 55 percent more expensive than in Western Europe.
    - Cars imported to Poland from EU countries without duty-free quota, of value less than 7000 ECU are 68 percent more expensive than in Western Europe.
    - Cars imported to Poland from EU countries without duty-free quota, of value more than 7000 ECU are 94 percent more expensive than in Western Europe.
    - Cars imported to Poland that are no-EU, of value less than 7,000 ECU are almost 75 percent more expensive than in Western Europe.
    - Cars imported to Poland that are no-EU, of value more than 7,000 ECU are 101 percent more expensive than in Western Europe.

Table 1. Preferential Customs Duty Rate for cars imported from EU, EFTA & CEFTA countries and Duty-Free Quotas until the year 2002.

Year	Duty (%)	Quotas (units)
1992	35	30,000
1993	35	31,750
1994	30	33,500
1995	30	35,250
1996	25	37,000
1997	25	38,750
1998	20	40,500
1999	15	42,250
2000	10	44,000
2001	5	45,750
2002	0	-

Homologation:

- The Polish Road Traffic Law (published in Dziennik Ustaw on February 6, 1992) requires manufacturers and importers of vehicles and vehicle parts to receive the national type-approval (through the homologation system), which is granted by the Minister of Transport and Maritime Economy. The certification agency, appointed by the Ministry, tests the product and determines whether it is consistent with Polish standards and therefore can be sold in Poland.
- The national type-approval system in Poland is closely connected to the EU system because Poland partly adopted the EU directive 70/156/EEC into the national type-approval system.
- The chief agency for testing automobiles is the Motor Transport Institute. Polish authorities sometimes recognize automobiles that have homologation certificates issued by certification agencies outside of Poland if the certificates state that vehicles fulfill the requirements of various standards (active safety, passive safety, environmental protection and others). These autos can receive Polish homologation certificates from the Ministry of Transport and Maritime Economy after shorter tests, which are performed by the Motor Transport Institute. These tests take approximately six weeks to complete. When vehicles do not have such certificates, the certification procedure is longer and requires additional tests, which are performed by designated Polish institutes.
- The two major vehicle certification agencies are:

Instytut Transportu Samochodowego
(Motor Transport Institute)
ul. Jagiellonska 80
03-301 Warsaw
Tel: (48 22) 811-0944, 811-3231
Fax: (48 22) 811-0906
Contacts:
Mr. Wojciech Przybylski, Director, Homologation Dept.
Tel: (48 22) 811-2510
Mr. Jozef Majka, Deputy Director, Homologation Dept.
Tel: (48 22) 811-40-82

Przemyslowy Instytut Motoryzacji
(Industrial Institute of Motorization)
ul. Jagiellonska 55
03-301 Warsaw
Tel: (48/22) 811-3389, 811-4231 ext. 127
Fax: (48/22) 811-0975
Contact: Mr. Jan Leszczynski, Chief Specialist

- Both Institutes perform homologation tests for vehicles that are imported in quantities in excess of 50 units per model. The homologation tests usually take one to two months to complete. After completion, a final "conformity certificate" is granted, allowing the legal sale of the imported vehicles.

- Those who individually import U.S. made vehicles are required to meet Polish road regulations in order to register their car. The main differences between U.S. and Polish standards are headlights (they must clearly and separately beam and light) and sidelights (they must be yellow, not red). In addition, exhaust pipes must be directed to the right side of the vehicle.

ROMANIA- New Motor Vehicle Production/Assembly (in units)

	2000	2001	2002
Cars	64,181	53,040	70,260
Trucks	13,984	12,347	14,123

Source: Automotive News Market Data Book

ROMANIA- New Motor Vehicle Sales (in units)

	2000	2001	2002
Cars	65,000	71,897	88,904
Trucks	17,894	19,368	22,452

Source: Automotive News 2003 Market Data Book

Romania:

There are no longer any restrictions on the import of autos and auto parts. The Government of Romania announced a new tariff schedule in early 1992; the maximum tariff rate is 30 percent.

COMMONWEATH OF INDEPENDENT STATES

RUSSIA- New Motor Vehicle Production/Assembly (in units)

	2000	2001	2002
Cars	988,070	1,009,580	1,001,526
Trucks	253,000	252,610	263,420

Source: Automotive News Market Data Book

RUSSIA- New Motor Vehicle Sales (in units)

	2000	2001	2002
Cars	916,500	1,032,000	1,050,000
Trucks	208,985	224,204	243,533

Source: Automotive News 2003 Market Data Book

Russia:

The customs duty on all cars, new and used, is currently 25 percent.

Imported vehicles must also pay a 20 percent VAT tax which is calculated on the sum of the C.I.F. value plus the tariff plus the excise tax, a 5 percent excise tax and a freight cost of 0.15 percent.

Some vehicles may also be subject to a luxury tax of as much as 70 percent. Vehicles purchased through a Russian-based dealership but ordered for a specific individual are assessed duties under the individual, not company, tariff regime.

On February 5, 1998, President Yeltsin signed a decree that will exempt foreign companies from custom duties and some taxes, which are for automobiles and parts. The decree requires companies to invest at least 1.5 billion rubles ($250 million) over five years and to source half of their components domestically by the end of that period. (During the first year 10 percent local sourcing is required, the second year 20 percent, etc., until 50 percent is reached.) Therefore, this decree will only apply to companies that are building vehicles in Russia. It is not clear how many vehicle imports might be affected over the five year period. This decree could potentially be a Trade Related Investment Measure (TRIM) in violation of WTO principles.

Russia also permits the importation of used cars. Used cars, two or more years old, imported by companies are assessed a 40 percent tariff instead of 46 percent tariff, plus excise tax plus VAT. Individuals importing used cars pay the same tariff of about 4 dollars per cc of engine displacement.

UKRAINE- New Motor Vehicle Production/Assembly (in units)

	2000	2001	2002
Cars	17,500	25,000	43,000
Trucks	16,000	14,222	2,465

Source: Automotive News Market Data Book

UKRAINE- New Motor Vehicle Sales (in units)

	2000	2001	2002
Cars	-	75,000	98,000
Trucks	-	79,283	86,259

Source: Automotive News 2003 Market Data Book

<u>Ukraine:</u>

In Ukraine there are two tariff rates for motor vehicles - Special and General. Special rates apply to goods coming from 30 most favored nations (including the U.S.), as well as from 145 developing countries. Special rates of duty are paid by "legal" entities. Legal entities are those groups identified by the Ukrainian government as having special status (government entities). General rates apply to all goods imported by individuals (private entities) that exceed the value of $1,400 (1994). Commercial vehicles are assessed a special tariff rate of between 10-30 percent and a general tariff rate of between 20-40 percent. Buses are assessed a special tariff rate of 0 percent and general tariff rate of 30 percent. Passenger cars are assessed a special tariff rate of 0 percent and a general tariff rate of 20 percent. In addition, all goods must pay a 20 percent VAT.